



# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

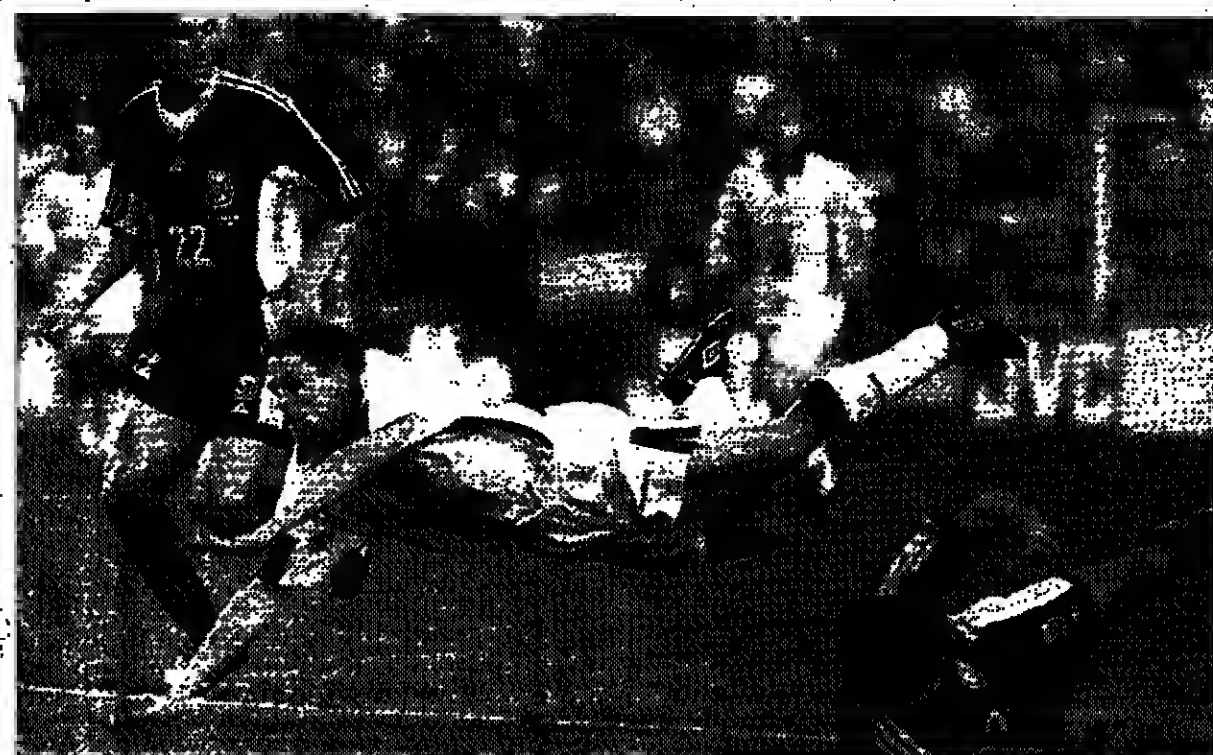
The World's Daily Newspaper

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Paris, Wednesday, July 1, 1998

107339

No. 35,871



AIRBORNE — Michael Owen of England goes flying after a foul was called on Argentina's Roberto Ayala, right. Argentina won, 4-3, in a shoot-out. Page 23. Croatia defeated Romania, 1-0, on a penalty kick. Page 22.

## Europe's Bank Launched

### Head of New Institution Vows to Keep Inflation Low

By William Drozdiak  
Washington Post Service

BERLIN — In a festive launch for what may emerge as one of the world's most powerful institutions, European leaders celebrated the birth Tuesday of the European Central Bank. It will serve as guardian of the single currency known as the euro when it comes into effect at the start of next year.

At a glittering ceremony in Frankfurt, which will serve as the bank's headquarters, Wim Duisenberg, its president, acknowledged the heavy responsibility facing the bank when it begins to set interest rates for the euro on Jan. 1.

By 2002, the national currencies of Germany, France, Italy, Austria, Spain, Portugal, Finland, Ireland, Belgium, Luxembourg and the Netherlands will disappear.

The bank represents an extraordinary leap of faith by the 11 countries that will inaugurate the euro. It marks the first time that countries have voluntarily surrendered control over such a precious piece of sovereignty as their own money to an independent council that does not have to answer to any government.

Mr. Duisenberg said that the paramount priority of the fledgling central bank would be to keep inflation low and to gain the confidence of European citizens, who are nervous about giving up their marks, francs and lira for a new and untested form of money.

He said that it was vital for monetary policy to be "one and indivisible" and "characterized by a truly European outlook."

Chancellor Helmut Kohl of Germany, who has been the driving force behind the single currency project, said the euro would have an immensely positive impact on the global financial system and the quest for European unity. Even though a majority of Germans are still dubious about the wisdom of sac-

See BANK, Page 4



Mr. Duisenberg, right, and Chancellor Kohl sharing a joke in Frankfurt.

## A Warning for U.S. Banks

### Fed Seeks to Deter 'Complacency' in Lending

By Mitchell Martin  
International Herald Tribune

NEW YORK — Competition among banks doing business in the United States has made it increasingly easy for companies to get commercial loans, according to the Federal Reserve Board, and it is largely because of the strong American economy that the relaxed lending standards have not caused problems.

"After several years of favorable economic conditions, banks should guard against complacency," the central bank said in a letter to examiners at regional Federal Reserve System offices and to commercial bankers. It warned against "the temptation to base expectations of a borrower's future financial performance almost exclusively on that borrower's recent performance." It added, "Recent turmoil in several Asian countries provides a useful reminder that conditions can quickly change."

The letter was dated June 23 and released to the public Tuesday. It identified three "areas for increased supervisory attention," suggesting banks should give more weight to future business prospects for commercial borrowers than to past performance; should base interest rates on the long-term risk of loans rather than setting them as a way to lure a borrower's other business to the bank; and consider the possibility of a "widespread downturn in commercial property markets" in their burgeoning lending to real estate investment trusts.

Separately, the Fed's policy-setting

arm, the Federal Open Market Committee, was meeting Tuesday afternoon but it was not expected to vote to change interest rates. The Fed also said that chairman, Alan Greenspan, would make his semiannual presentation to Congress, known as the Humphrey-Hawkins testimony, beginning July 21.

Responding to concerns by bank and regulators, the Fed examined several hundred loans made late last year with lending done two years earlier.

In a preview of that study released, Federal Reserve Bank of Chicago conference last month, the American Ba-

See FED, Page 10

The Dollar			
	Tuesday @ 4 P.M.	previous ct.	
DM	1.8084	1.81	
Yen	138.93	141.7	
FF	6.0625	6.065	
Pound	1.6677	1.6687	
The Dow			
	Tuesday close	percent change	
45.34	8,952.02	-0.50%	
	S&P 500		
4.64	1,133.85	-0.41%	
	Nasdaq		
3.68	1,894.76	+0.19%	

## Clinton Gets Up Close to New China

Shop Talk Yields to Shopping

President Accedes on Taiwan

By Seth Faison  
New York Times Service

SHANGHAI — With the issue-laden leg of his China trip largely behind him, President Bill Clinton and his entourage have come to the country's most cosmopolitan city. To put his finger on the vibrant pulse of modern China, his aides said, Mr. Clinton is spending two days and three nights here talking to regular people.

Driving down the winding avenues of neon that advertise a distinctly commercial sensibility in Shanghai, his motorcade went Monday evening from the airport to the thriving waterfront, the visual centerpiece of any tour of this megacity of 14 million, China's largest. A meeting Tuesday morning with entrepreneurs, community leaders and homeowners in Shanghai was intended to accent the dynamic, fast-growing economic side of China, though it veered off into other topics, from the law to religion.

Mr. Clinton also assembled seven "agents of change" for a roundtable discussion at the Shanghai Library and then appeared on a call-in radio show.

"Everyone understands there is a new China that is more prosperous, more open and more dynamic," Mr. Clinton said. "The purpose here is to help me and my wife and the American people understand the changes that are going on in modern China and the challenges that are out there and what all of you are doing in your lives to deal with those changes."

The group included a law professor, a consumer advocate, a physicist, an economist and a bishop who spent years in prison. Unlike two earlier addresses by Mr. Clinton in China, this event was not carried live on Chinese television.

See CLINTON, Page 6

By John Pomfret  
Washington Post Service

SHANGHAI — President Bill Clinton fulfilled Tuesday what may have been China's main demand of the summit meeting by declaring that the United States does not support an independent Taiwan, will oppose Taiwan's entry into organizations of nation-states and that Washington does not support a policy of "one China, one Taiwan."

The statement, made in an informal discussion with Chinese intellectuals in Shanghai, was the first time a U.S. president has enunciated what has come to be known as the "three noes" policy. Mr. Clinton said the United States supported the peaceful reunification of China and Taiwan, which Beijing considers a breakaway province.

The president's statement was a direct reply to a demand Saturday from President Jiang Zemin as the two conducted a news conference. Mr. Jiang had asked that Mr. Clinton himself enunciate the policy, either in a public statement or in writing.

In a strongly worded statement, Taiwan's Foreign Ministry said Washington and Beijing were "in no position to discuss issues related to us," Agence France-Presse reported from Taipei.

Norman Fu, a Taiwan journalist traveling with Mr. Clinton, said that while the statement was a reiteration of U.S. policy, it sent shock waves through Taiwan because it was made by the president.

Mr. Fu said that as soon as the president made the statement, a senior State Department official pulled him aside and emphasized that "this was a low-key setting" and was "a very informal way of doing it."

See TAIWAN, Page 6



Hillary Clinton with Big Bird at a Shanghai clinic opening Tuesday.

## Year Later, Hong Kong Identity Blurs

By Keith B. Richburg  
Washington Post Service

HONG KONG — One year ago, when 150 years of British rule came to a close, the prevalent feeling among Hong Kong's people was fear that these rule might bring with it corruption, an erosion of civil liberties, a ceding of the press, new curbs on dissent and daily interference from Beijing.

Today, it seems such concerns have largely subsided — only to be replaced with worries about the economy and a lingering sense of what Zuni, a popular cartoonist, describes as the feeling common to "most of the Hong Kong people — there is this alienation between Hong Kong and China."

In a cramped second-story office of the Chinese University's student union, Chok Him, 20, an engineering student, said that when he is logged on to the Internet and is asked to provide his home details, or if someone asks the inevitable question about where he is from, he always answers "Hong Kong." And if he is asked specifically for his country, he said, "I write China."

— and sometimes feels "a little bit embarrassed about it."

Ng Wing Yan, 20, a nutrition student, said she still tries to put distance between herself and her new motherland. "I would never refuse to say I'm Chinese. Deep in my mind, I feel like I'm going home," she said. "But many people try to make China and the Communist Party equivalent, so sometimes I'm a bit disappointed at having to say the word 'China.'"

Chris Cheung, a 21-year-old studying English translation, put it this way: "I don't want to say I'm from China. I mean, I love my country. I like the culture. But it's kind of a contradiction when I see it's ruled by Communists."

As Hong Kong and Chinese officials try to drum up patriotic pride on Wednesday, the first anniversary of what they call Hong Kong's "glorious reunification" with the mainland, they do

so against a backdrop of gloomy economic news: a recession that could stretch through the year, the highest unemployment rate in 15 years, collapsing stock and property markets that have made many middle-class people suddenly poorer, and a year of mishaps that has called into question Hong Kong's reputation for administrative efficiency.

From his longtime perch in Hong Kong's business district called Central, a vendor, Lo Hoi, who sells newspapers, flags and postcards, sees the evidence of the slump: fewer people in pricey restaurants, longer lines at fast-food shops and almost no one buying his Chinese and Hong Kong flags to celebrate the anniversary.

"Because this year the economic situation is not so good, even the gov-

See HONG KONG, Page 6

## U.S. F-16 Fires A Missile After Iraqi Radar Locks on Jets

By Brian Knowlton  
International Herald Tribune

WASHINGTON — A U.S. fighter jet fired a missile at a radar site in southern Iraq on Tuesday after the Iraqi ground radar locked on to four British fighters on a routine patrol, American and British military officials said.

It was the first time that forces of the Gulf War coalition had fired on Iraqi targets since the fall of 1996, and it came at a time of generally lessened tensions between the two sides.

American officials sought to play down the incident. Defense Secretary William Cohen said that there was no indication that Iraq had moved any of its forces "in an aggressive fashion" or placed its troops on higher alert, adding, "It could be simply an isolated example."

None of the coalition airplanes were attacked in the incident on Tuesday. All returned to their bases unharmed, and U.S. officials said that coalition patrols over the flight-exclusion zones in Iraq would continue unaffected.

The southern flight-exclusion zone was established by the Gulf War allies in 1992, after Iraq launched new air attacks on Shiite Muslims in southern Iraq. Allied planes patrol a zone from southernmost Iraq up to the 33d parallel, just south of Baghdad. They also patrol a no-flight zone in the north to protect ethnic Kurds.

Iraqi officials reacted angrily to the missile firing. In Baghdad, an official of

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## AGENDA

### Netanyahu Lashes Back at Weizman

JERUSALEM (Reuters) — Prime Minister Benjamin Netanyahu on Tuesday accused President Ezer Weizman of siding with the Arabs and calling for more American pressure on the government, a day after the president called for early elections.

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Crossword ..... Page 11.  
Opinion ..... Pages 8-9.  
Sports ..... Pages 21-23.

The Information ..... Page 12.  
The IHT on-line ..... www.ihl.com



STAR WITNESS — Linda Tripp, center, who taped Monica Lewinsky, entering a grand jury hearing Tuesday in Washington. Page 3.

## Mongols, Told to Use Surnames Again, Are Trying to Remember

By Thomas Crampton  
International Herald Tribune

KARAKORUM, Mongolia — Sipping a bowl of fermented mare's milk inside his tent on the windswept plains of central Mongolia, D. Shatar proudly tells of the traditions he will pass down to the next generation.

Like his father and grandfather before him, he will teach his son how to care for yaks, shoot arrows, wrestle and use an *uurga* — the Mongolian lasso — to capture wild horses.

"It is very important to keep our old way of life and our Mongolian identity," the nomadic herdsman said. There is, however, one key item of

ancestral knowledge that Mr. Shatar doesn't know but will soon be required to learn — his family name.

After getting by on a first-name basis for more than 60 years, Mongolians this week are supposed to start using surnames again.

If only they can find out what they were.

In what must be one of the largest genealogical projects ever undertaken, all of Mongolia's 2.5 million citizens have been ordered to search for their roots.

The deadline for using three names on legal documents — one's surname, given name and the father's name — is Wednesday. But the government sees

months, if not years, of research ahead. The names were banished along with many other aspects of Mongolian culture by the Soviet-backed Communist government that came to power in 1924. The suppression of names was intended to crush allegiances that might supersede loyalty to the state.

Along with killing monks, razing temples and banning Mongolian script, the Communists confiscated the centuries-old family trees that central Asian nomads had sewn into silk or written on parchment.

Now the entire population of Mongolia uses only first names, adding the initial of their father's first name for formal occasions and on official doc-

uments. As a result, few Mongolians know their ancestral family names.

In addition to destroying family ties, government officials said the suppression of surnames has led to an increased incidence of genetic diseases due to inadvertent incest.

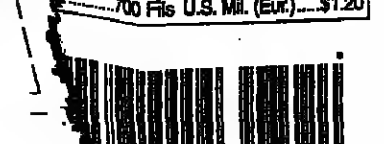
In the years since the Soviet empire collapsed and free elections took place in 1990, Mongolians have taken great pleasure in steadily reclaiming their national identity.

"Before, we had a very dangerous situation but now I have very strong feelings about using my full name and passing it on to my son," Mr. Shatar

See NAMES, Page 6



Newsstand Prices			
Andorra	10.00 FF	Lebanon	11.3000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1.600 CFA	Qatar	10.00 QR
Egypt	SE 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Guinea	2.800 Lira	Spain	225 Ptas
Italy	1.250 CFA	Tunisia	1.250 Dn
Kenya	1.250 JD	U.A.E.	10.00 Dh
700 Fils	U.S. Mil.	(Eur.)	\$1.20



مكتبة من الصحف



## Astride Past and Future / India's New-Old Economy

## Helping Home-Cooked Curry Give Fast Food a Run for Its Money

By John F. Burns  
New York Times Service

**B**OMBAY — Around noon on every business day, Jaganath Adav strides briskly along the sidewalk of Mahatma Gandhi Road in the heart of Bombay's business district, into the granite fortress that serves as the head office of the Hongkong Bank in India, and rides up to the ninth floor, where currency traders in short sleeves peer over rows of blinking computers.

This is the new India, awakening in recent years from economic slumber. But Mr. Adav, 35, is a torchbearer for the old and often disparaged India, a man plying a trade little changed in 130 years.

Even his job title, tiffin-wallah, derives from British India's Victorian heyday, when English gentlemen who ruled the roost parlored of tiffin, a light lunch, and had it delivered by a wallah — an Urdu word used as a suffix to denote a function, duty or profession.

The India of the past had amen-wallahs, meaning church ministers; competition-wallahs, officials selected by examination; lemonade-wallahs, or teetotalers; lootie-wallahs, or thieves; and poultice-wallahs, meaning paramedics. Today, it still has box-wallahs, traders who carry their wares in boxes; car-wallahs, the owners or drivers of cars; press-wallahs, editors or reporters; Delhi-wallahs, residents of the capital; and so on.

In the 1990s, as in the 1890s, when the tiffin-wallahs formed their own trade union and called it the Bombay Tiffin Box Suppliers' Association, men like Mr. Adav see to it that the business people of Bombay can still have home-cooked meals personally delivered to their desks — without the inconvenience of carrying meals to work themselves on overcrowded trains — and at bargain prices. Mr. Adav is one of 5,000 tiffin-wallahs in this city (officially renamed Mumbai), delivering lunches to 150,000 people daily, at a cost of about \$3.80 a month.

The tiffin-wallah business survives in an India that has the services of American fast-food outlets and American jet-home courier companies. But for all the old-fashionedness of the system, Mr. Adav, who is illiterate, is part of an enterprise that demands levels of organization, enterprise and ingenuity, not to mention back-breaking work, that needs to make little apology to the more up-to-date businesses that characterize the new India.

From the tiffin-wallahs' perspective, neither McDonald's nor Federal Express, both making inroads in India, has thought of anything much that is new.

A network of wallahs collects the tiffin boxes from customers' homes, or from women who cook lunches to order, then delivers the meals by bicycle, handcart or head-borne basket to a local railroad station. There, they are sorted for different stations in central Bombay, where they



Jaganath Adav, a tiffin-wallah, or lunch deliverer, pushing his handcart through central Bombay.

are re-sorted and carried to their final destination, sometimes 70 kilometers (45 miles) from where they started. After lunch, the chain reverses, delivering the empty tiffin boxes back home.

At the heart of the enterprise are multicolored codes on the tiffin boxes, circular metal containers that are stacked and sealed. The codes tell the tiffin-wallahs which home the food comes from, which railroad stations must be used, who the carriers are and the destination.

**B**Y ALL ACCOUNTS, the system is virtually fail-safe, aside from train strikes or accidents, or the unreported sickness or death of a carrier. Ask a tiffin-wallah when he last failed a customer, and he will scratch his head.

"Never, that I remember," Mr. Adav said.

Along with the efficiency, the tiffin-wallahs offer old-

fashioned values. A code of ethics hanging on the wall at their union headquarters, a bare room in a dingy walk-up, lays down the rules.

"Please see to it that a customer never starves," says one.

"If for any reason successful delivery is not achieved, please see to it that service resumes as soon as possible," says another.

And, in bold face: "Every tiffin-wallah should have his customer's confidence, and remain well behaved at all times."

The union demands a six-month apprenticeship and new entrants must buy a route. In a lucrative area like Mahatma Gandhi Road, this can cost as much as \$20 per customer. Because most carriers deliver meals to 35 customers or more every day, buying a route entails a hefty outlay for a carrier whose monthly income will be about \$90. One

unwritten rule is that all new entrants must come from the same rural area outside Poona, 130 kilometers southeast of Bombay, that has monopolized the tiffin-wallah trade since it began in the 1860s.

Still, even the tiffin-wallahs say things are not what they used to be. Their business must cope with new restrictions on Bombay's overcrowded railroad system, which forbids the lunch-men to travel until past the morning rush hour, and then confines them and their panniers to special freight cars. As old tiffin-wallahs retire, men ready to step into their shoes, working 12-hour days and carrying panniers weighing 90 kilograms (200 pounds), are becoming scarcer.

"If our children go to school and get educated, they don't want to have anything to do with this business," said Damodar Pingle, 55, who has been a tiffin-wallah for 40 years and who is also a top union official. "But if they don't study, they will take over from us."

"Either way, we tiffin-wallahs will survive, because we need our customers, and they need us."

One such customer is Harosh Suvarna, a 35-year-old clerk at the State Bank of India, who has been eating lunches delivered by Mr. Adav to his office for 15 years. So reliable has the system been that the two men never met until a reporter brought them together. When Mr. Adav was told that the customer he knew only as B2-38P3-9 was Mr. Suvarna, and Mr. Suvarna learned that the quiet man in the white topi cap had kept him from going hungry for years, both seemed unimpressed.

Mr. Suvarna is in some ways part of the old India himself, spending his working days poring over ledgers in an industry frozen into Dickensian fustian when it was nationalized by Prime Minister Indira Gandhi in the 1970s.

**A**S HE ATE the fish, curry, rice and pickles his mother had cooked, Mr. Suvarna said he favored change at the bank, which has flourished in the more market-driven India of the 1990s.

But asked whether it would not be better for him to go to lunch at one of the fast-food outlets that have proliferated along Mahatma Gandhi Road, Mr. Suvarna dissented.

"If I go out into the street for tiffin, a little bit expensive is there, oily food is there, upset stomach is there," he said.

A larger conclusion was offered by a lawyer who traveled down in the elevator with Mr. Adav at the Hongkong Bank. Darshana Bopjal Gupta, 33, educated at the London School of Economics, said there were many things in India that might seem archaic to Westerners that worked perfectly well, and should not be changed in the rush to modernize.

"We're just so colonized in our minds," she said. "Why do we have to follow the West like bloody morons?"

## Achille Lauro Mastermind Looks Back at His 'Mistake'

By Charles M. Sennott  
The Boston Globe

**AZA** — He was once the face of terrorism. Shmameh Abbas — the most wanted man in the world 13 years ago after masterminding the Achille Lauro hijacking — is now a middle-aged, weight chain-smoker who holds court in the offices of the Palestine Liberation Front, the organization he leads here with the permission of Yasser Arafat.

But the source of his notoriety has not changed. "You Americans never forget, do you?" he asked. "You always want to ask about the man in the wheelchair."

That man was the elderly and frail American seaman Klinghoffer, who was shot in the head by Mr. Abbas's men and tossed from the cruise ship into the Mediterranean.

"Look, we feel very sorry of all that happened on the ship," he continues. "We know how hard and painful it is when someone is killed who is not related to the conflict. We have seen it happen to thousands. Millions more have been displaced from their homes, and the world never apologized to us. We hope one day the world hears our cries as loud as it heard Klinghoffer's."

Mr. Abbas, also known as Abu Abbas, now says

the Achille Lauro incident was a "mistake." He says his men had intended to use the Italian luxury liner only to slip into Israel, not to murder a man. But, he adds, their cover was blown when a crew member saw them cleaning their weapons. When asked why Mr. Klinghoffer was killed, he replies: "He created troubles. He was handicapped but he was inciting and provoking the other passengers. So the decision was made to kill him."

Mr. Abbas's presence in Gaza today is an anomaly. Despite his 30 years as a guerrilla leader bent on destroying the state of Israel, Mr. Abbas was permitted by the government of Prime Minister Benjamin Netanyahu to return from exile to the Palestinian-controlled area this spring.

And the United States has dropped its efforts to extradite Mr. Abbas for his role in the murder of Mr. Klinghoffer.

How Mr. Abbas was allowed to enter Israel's borders, without objections from the United States, offers a glimpse into the wrenching compromises required to make peace in the Middle East. His high profile in Gaza has infuriated the

Klinghoffer family and prompted a petition to Israel's high court for his extradition. Some critics feel it renders hollow Mr. Netanyahu's tirades against terrorists.

Mr. Abbas is now 50. He says he was 13 days old in 1948 when his family fled Haifa for a refugee camp in Lebanon. When the Palestine Liberation Organization began its armed struggle in 1964, Mr. Abbas became one of its

youngest recruits. In 1968, he was in Vietnam fighting alongside the Viet Cong against U.S. forces and learning guerrilla tactics. By 1970, he was putting those skills to work. He planned an attack that fired a Katyusha rocket into Israel from Lebanon. It struck a school bus and killed 11 children.

By the late 1970s, he was known in the Palestinian resistance as a major military strategist who used unorthodox tactics. His men rode hot air balloons to penetrate the border of northern Israel.

But the incident that made him infamous was the 1985 hijacking of the Achille Lauro, off Port Said, Egypt. Mr. Abbas was not on board, but his men held about 400 passengers hostage. With the

exception of Mr. Klinghoffer, the passengers were released after a two-day ordeal.

... Egypt then put Mr. Abbas and his men on a flight to Tunisia, where the PLO was headquartered. But the United States sent navy fighters to force the flight down in Sicily, under Italian jurisdiction.

Despite heated protests from the United States, Italy allowed him to flee before a U.S. warrant for piracy and kidnapping could be served. Mr. Abbas disappeared.

Along with two other Palestinians, he was convicted in absentia in an Italian court and sentenced to life in prison. But he never spent a day behind bars and has lived in Lebanon and Iraq for most of the past 13 years, assiduously avoiding U.S. and Israeli security services by donning disguises and moving constantly.

Mr. Abbas surfaced for the first time in April 1996. He claimed to have embraced the peace process and was allowed to enter Israel for a meeting of the Palestine National Council, where he voted in favor of revoking those parts of the Palestine Liberation Organization's charter that called for the destruction of Israel.

The Netanyahu administration permitted Mr. Abbas to re-enter Israel again last month. Mr. Netanyahu's senior adviser, David Bar-Ilan, tries



Mr. Abbas gesturing during an interview.

to evade criticism by pointing out that it was the more liberal Labor government of Shimon Peres that approved Mr. Abbas's initial entry in 1996 for the Palestine National Council meeting.

Mr. Abbas and a cadre of aged guerrillas were allowed into Gaza at the time to bolster the peace process. According to the Oslo accords, an Palestinian whose entry is approved by Israel will not be prosecuted for crimes committed prior to the signing of the agreement in 1993.

Ron Tarasian, who leads a rightist group, Our Jerusalem, fumes that Mr. Abbas is sitting in Gaza. "It's despicable that the Israeli government let him in," he said.

## TRAVEL UPDATE

## Diana's Home to Open

**GREAT BRINGTON, England (Reuters)** — Although House, the estate where Diana, Princess of Wales, grew up and is now buried, will open its gates Wednesday — it would have been her 37th birthday — to 2,500 people a day with a new museum dedicated to her and charitable works.

About 150,000 visitors are expected over the next two months in a pilgrimage to the first memorial to Diana, who was killed in a car crash last summer in Paris. Visitors will see home movies of Diana

as a child dancing in the gardens as well as the wedding dress she wore in 1981 in her marriage to Prince Charles. The £9.50 (\$15.77) entrance fee will allow visitors to walk to the lake in the grounds where Diana's body was buried on an island last September.

Singapore Airlines will end all four weekly flights to Sendai, Japan, by September, but will add 10 flights a week to Melbourne, Brisbane and Christchurch by October. In addition, the airline will add two flights a week to Hong Kong starting Aug. 6. (AP)

Greece's weather service warned Athenians to brace for a heat wave with temperatures rising to 42 centigrade (108 Fahrenheit) in the next few days. Excessive use of air conditioning caused power cuts on Tuesday. (Reuters)

Restaurant workers at Disneyland Paris joined technicians and parade performers Tuesday in a partial strike. (AP)

Scandinavian Airlines System is appealing a Norwegian refusal to let airlines serve wine on domestic flights, while allowing beer. (Reuters)

## WEATHER

## Europe

	Today	Tomorrow
Algeria	25/17 19/10	26/17 19/10
Belgium	19/14 10/02	21/17 12/03
France	20/14 11/02	22/17 13/03
Germany	20/14 11/02	22/17 13/03
Italy	21/17 12/03	23/17 14/03
Spain	22/17 13/03	24/17 15/03
UK	21/17 12/03	23/17 14/03
Switzerland	21/17 12/03	23/17 14/03
Netherlands	21/17 12/03	23/17 14/03
Austria	21/17 12/03	23/17 14/03
Czech Republic	21/17 12/03	23/17 14/03
Poland	21/17 12/03	23/17 14/03
Slovakia	21/17 12/03	23/17 14/03
Slovenia	21/17 12/03	23/17 14/03
Croatia	21/17 12/03	23/17 14/03
Serbia	21/17 12/03	23/17 14/03
Bosnia	21/17 12/03	23/17 14/03
Herzegovina	21/17 12/03	23/17 14/03
Montenegro	21/17 12/03	23/17 14/03
Bulgaria	21/17 12/03	23/17 14/03
Romania	21/17 12/03	23/17 14/03
Ukraine	21/17 12/03	23/17 14/03
Belarus	21/17 12/03	23/17 14/03
Lithuania	21/17 12/03	23/17 14/03
Latvia	21/17 12/03	23/17 14/03
Estonia	21/17 12/03	23/17 14/03
Finland	21/17 12/03	23/17 14/03
Sweden	21/17 12/03	23/17 14/03
Norway	21/17 12/03	23/17 14/03
Denmark	21/17 12/03	23/17 14/03
Iceland	21/17 12/03	23/17 14/03

## Forecast for Thursday through Saturday, as provided by AccuWeather.

	Today	Thursday	Friday	Saturday
Algeria	25/17 19/10	26/17 19/10	27/17 20/10	28/17 21/10
Belgium	19/14 10/02	21/17 12/03	22/17 13/03	23/17 14/03
France	20/14 11/02	22/17 13/03	23/17 14/03	24/17 15/03
Germany	20/14 11/02	22/17 13/03	23/17 14/03	24/17 15/03
Italy	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Spain	22/17 13/03	24/17 15/03	25/17 16/03	26/17 17/03
UK	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Switzerland	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Netherlands	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Austria	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Czech Republic	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Poland	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Slovakia	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Slovenia	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
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Montenegro	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Bulgaria	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
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Belarus	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Lithuania	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Latvia	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Estonia	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Finland	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Sweden	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Norway	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Denmark	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03
Iceland	21/17 12/03	23/17 14/03	24/17 15/03	25/17 16/03

## Asia

	Today	Tomorrow
Algeria	25/17 19/10	26/17 19/10
Belgium	19/14 10/02	21/17 12/03
France	20/14 11/02	22/17 13/03
Germany	20/14 11/02	22/17 13/03
Italy	21/17 12/03	23/17 14/03
Spain	22/17 13/03	24/17 15/03
UK	21/17 12/03	23/17 14/03
Switzerland	21/17 12/03	23/17 14/03
Netherlands	21/17 12/03	23/17 14/03
Austria	21/17 12/03	23/17 14/03
Czech Republic	21/17 12/03	23/17 14/03
Poland	21/17 12/03	23/17 14/03
Slovakia	21/17 12/03	23/17 14/03
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Norway	21/17 12/03	23/17 14/03
Denmark	21/17 12/03	23/17 14/03
Iceland	21/17 12/03	23/17 14/03

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Netherlands	00011821513	Norway	00011821513	Portugal	00011821513
Spain	00011821513	Sweden	00011821513	Switzerland	00011821513
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# Starr's Grand Jury Finally Hears Tripp

WASHINGTON — Linda Tripp, who instigated the White House sex investigation by secretly recording Monica Lewinsky's talk of an alleged affair with President Bill Clinton, finally appeared before a grand jury on Tuesday.

Accompanied by her son, Ryan, and daughter, Allison, Mrs. Tripp, 48, swept into the courthouse where Kenneth Starr's prosecutors are gathering evidence in the sex and perjury inquiry. She did not speak to reporters camped at the entrance.

She smiled in response to a shouted question about whether she was nervous about being called to the witness stand after months in seclusion at her suburban Maryland home.

White House officials shrugged off the potential turning point that Mrs. Tripp's testimony represented in the independent counsel's five-month-old inquiry. "We'll let the American people draw their own conclusions about Linda Tripp," said

James Kennedy, a spokesman for the White House counsel's office.

Mr. Starr is trying to determine whether Mr. Clinton had sex with Ms. Lewinsky, lied about it under oath and tried, with the help of his friend Vernon Jordan Jr., to get her to deny it, using the promise of a New York job as an enticement.

Mr. Clinton has denied having a sexual relationship with the former White House intern or asking anyone to lie.

Mrs. Tripp reportedly embarked on her clandestine effort to get evidence of indiscretions in the White House after Robert Bennett, Mr. Clinton's defense lawyer in the Paula Jones sexual harassment lawsuit, publicly questioned her credibility. That occurred after she was quoted in Newsweek magazine last summer as having said that Mr. Clinton had made a pass at a White House volunteer.

Mrs. Tripp's critics contend that she befriended Ms. Lewinsky be-

cause she was collecting material for a book and betrayed the unsuspecting young woman to damage Mr. Clinton.

Legal experts said that Mr. Starr's decision to call his key witness could mean he was close to completing his investigation and that it might be a warning to Ms. Lewinsky that time was running out for her to cooperate with his inquiry.

What Mrs. Tripp tells the grand jury about alleged sex between Mr. Clinton and Ms. Lewinsky is merely hearsay, and as such is of questionable value, experts said.

**Manipulation Denied**

Susan Schmidt of The Washington Post reported:

Mrs. Tripp said in an interview that she was eager to dispel charges that she manipulated an unwitting Ms. Lewinsky to entrap Mr. Clinton.

She said she had been unfairly vilified in the five months since she went to Mr. Starr with the tapes. "I

am so anxious to go before the grand jury and tell the truth," Mrs. Tripp said.

Her critics say that she betrayed her young colleague and insinuate that she won Ms. Lewinsky's friendship in a cynical effort to use her confidences against the president.

Not so, Mrs. Tripp said. "I did not cultivate Monica — she cultivated me," she said. "Monica is a very worldly person. She educated me."

In a 20-minute phone interview Sunday, her first since the investigation began, Mrs. Tripp said she has watched in horror at her public portrayal.

She refused to discuss Mr. Starr's investigation, her taped conversations or the grand jury testimony that she was preparing to give.

Many people have called Mrs. Tripp the villain in this saga. Internet chat lines are filled with angry comments about her and polls show that only one in 10 Americans views her favorably.



TRYING TO HANG ON — Governor Fob James of Alabama campaigning in Huntsville on the last day before the runoff primary election set for Tuesday. The contest with Winton Blount, a businessman, is expected to be close.

## No Longer an 'Unknown'

DNA Tests Confirm Identity of Pilot Killed in 1972

By Steven Lee Myers  
New York Times Service

WASHINGTON — The remains of an unidentified American serviceman from the Vietnam War, buried 14 years ago beneath the Tomb of the Unknowns in Arlington National Cemetery, are no longer unknown.

They are the remains of First Lieutenant Michael Blassie, an air force pilot whose attack jet crashed on May 11, 1972, near An Loc, a village in South Vietnam.

The pilot was 24 years old when he died. Since that day, he has been listed officially as "missing in action."

A new type of genetic test — not available when President Ronald Reagan honored the unknown soldier from the Vietnam War at a symbolic state funeral on Memorial Day 1984 — has matched DNA taken from the remains with DNA from Lieutenant Blassie's mother, officials at the Pentagon said.

The Pentagon removed Lieutenant Blassie from the Tomb of the Unknowns last month after an investigation ordered by Secretary of Defense William Cohen concluded that the remains likely belonged to one of nine Americans killed in Vietnam, including Lieutenant Blassie.

The pilot's family urged the Defense Department to conduct the DNA tests after

news reports raised questions whether the Unknown Soldier from the Vietnam War was really unknown.

Mr. Cohen, who presided over the disinterment at what is one of the nation's most revered memorials, just across the Potomac River from Washington, announced the results at the Pentagon on Tuesday. The families of the nine missing Americans were notified earlier by telephone.

The Blassies have said they wanted to take Lieutenant Blassie's remains home to the suburbs of St. Louis, where he was reared. They have said they want to bury him at Jefferson Barracks National Cemetery, near his father, George, a veteran of World War II who died in 1991.

Lieutenant Blassie's remains had been placed with unknown dead from the two World Wars and the Korean War.

Officials at the Pentagon have begun to ask whether there should be a new search for an unknown from the Vietnam War. A total of 2,087 Americans remain missing from the Vietnam conflict.

But the advances in genetic identification have made it unlikely that any set of remains henceforth can be called "unknown" with absolute certainty.

If a new remains were placed in the tomb, an official said, "You'd have to relive this chapter over and over."

## Fierce U.S. Storms Leave Devastation

By Pam Belluck  
New York Times Service

Nancy Wheeler was home in her trailer by a trickle of a creek in Elkview, West Virginia, when the weather hit. "I didn't hear it or see it or nothing," Ms. Wheeler said. "The water just came all at once. I got out of my trailer five to 10 minutes before it floated off. It just went right down the stream and then busted apart."

But the storm that savaged the middle and eastern parts of the United States over the weekend and on Monday had worse in store for Ms. Wheeler, 50, who has lived her entire life in this small town just northwest of Charleston. As she rushed over to the trailer where her son and daughter-in-law lived, the predatory current swept the couple's four-month-old son out of his mother's arms. The baby, Dakota Chyan Taylor, still has not been found and is presumed dead.

"It was up over my neck and I went under twice, and I was looking for my grandson," Ms. Wheeler said Monday from a school where she and other families were being sheltered and fed. "I pulled myself up by some weeds and I lost him. I tried to look for him and I just couldn't find him."

A maelstrom of wet and violent weather has lashed across the Midwest, Northeast and Appalachian states in the last few days, leaving at least 23 dead or missing. Floods wrought devastation from Wisconsin to West Virginia, Indiana to Vermont. A tornado and heavy rains battered Ohio. And lightning strikes over the weekend killed a Maryland girl, a camper in upstate New York and a 56-year-old farmer in Meire Grove, Minnesota, who had been turning over matted hay with a pitchfork.

Rain also fell in parts of Florida, where Vice President Al Gore was visiting areas affected by drought-induced wildfires that have charred 237,000 acres (94,800 hectares) since Memorial Day, and more rain is predicted in coming days. But officials said that it probably would not be enough to offset the danger of further fires.

Across the region, the National Guard and state transportation and emergency management teams were searching for the missing, clearing out fallen trees and houses, and trying to restore electricity and water to tens of thousands of people.

"It was a real toad-choker of a storm," said D.R. Smith, the emergency services director in Wood County, West Virginia, near the Ohio border, where about two dozen homes remained completely surrounded by water Monday. "It rained pretty doggone hard up until this morning."

Floods dislodged about 35 mobile homes from a trailer park near Parkersburg on Sunday, and they floated away with about 80 people inside them, the director said. The volunteer fire department chased after them on boats and jet skis, plucking people out while the homes were sailing by.

The greatest death toll from the storms so far has been in Ohio, with 11 people killed by floods or tornadoes. On Monday, Governor George Voinovich increased to 24 the number of central and southeastern Ohio counties placed under a state of emergency. Weather conditions were so bad that the governor could not even visit some of the damaged areas.

## Fallows Is Dismissed As Editor of U.S. News

Washington Post Service

WASHINGTON — James Fallows, the media critic and magazine writer who was elevated to editor of U.S. News & World Report, has been dismissed after 22 months.

Stephen Smith, a former editor at Newsweek, Time and Knight-Ridder, who now runs National Journal, has been chosen as Mr. Fallows's successor, according to a source.

In a meeting Monday that prompted some tears among staffers, Mr. Fallows attributed his removal to his disagreements with the owner, Mortimer Zuckerman. These included Mr. Zuckerman's cutting of the magazine's editorial budget and his pushing for more relaunching of the previous week's news, Mr. Fallows said.

And there were other clashes: Three staffers say Mr. Fallows resisted Mr. Zuckerman's attempt to have a piece on Hispanic culture assigned to the celebrity socialite Bianca Jagger, whom Mr. Zuckerman once dated.

Harold Evans, the former Random House president who is now Mr. Zuckerman's editorial director, insisted that he made the decision to replace Mr. Fallows, although he said Mr. Zuckerman was "supportive."

Much of the staff blamed Mr. Zuckerman, however.

U.S. News ranks third behind Time and Newsweek in circulation among American newsmagazines.

## A Marine Corps Hero in 2 Wars Killed by Intruder in His Home

The Associated Press

ROSEBURG, Oregon — Marion Carl, a Marine Corps pilot, had spent much of his life outracing death in a fighter plane.

He was in World War II air battles at Midway and Guadalcanal, where he survived being shot down. Then he became a test pilot and flew higher and faster than anyone before him.

In his 50s, the fighter ace returned to combat in Vietnam.

But this is how the retired major general died: He was shot in the head Sunday night by a robber who had kicked in the door of his home and demanded cash from his wife.

"It's a hell of a way to lose a great American hero," said a retired Marine Corps colonel, Denis Kelly, spokesman for the Naval Aviation Museum Foundation in Pensacola, Florida. "I guess it's a statement of our times."

Authorities on Monday issued a warrant for the arrest of Jesse Stuart Fanus, a 19-year-old from the area who has a record of arrests on charges including drunken driving, burglary and criminal trespass.

Sheriff's deputies said Mr. Carl, 82, was in bed and his wife, Edna, was still up reading when a young man wearing wrap-around sunglasses, holding a shotgun and accompanied by a German shepherd burst through the side door and demanded car keys and money.

Mr. Carl was shot when he walked into the room, and his wife was grazed on the head but not seriously hurt.

The man took between \$200 and \$400 in cash and drove off in their car, but abandoned it 10 miles (16 kilometers) away.

"It appears to be totally random — random and irrational and not thought out," said a sheriff's detective, Joe Perkins.

Mr. Carl's flying exploits spanned World War II to Vietnam, in a career that included credit for shooting down 18.5 planes.

In 1942, the Oregon native became the first Marine Corps fighter ace, on one occasion downing three Japanese bombers and a fighter over Guadalcanal. He ended his tour on at Guadalcanal with 11.5 combat aircraft destroyed, according to the National Museum of Naval Aviation.

In one dogfight, his shot-up Grumman Wildcat fighter went down off the coast of Guadalcanal. His official biography says he was "losing his battle to swim ashore against the tide when he was picked up by friendly natives in a canoe."

Mr. Carl returned to combat during the Vietnam War, commanding the 2d Marine Air Wing. He retired in 1973 with 13,000 flying hours, a Navy Cross with two Gold Stars, the Legion of Merit with three Gold Stars, the Distinguished Flying Cross with four Gold Stars and the Air Medal with 13 Gold Stars.

## Union Protest Snarls Manhattan

The Associated Press

NEW YORK — An estimated 40,000 construction workers strangled the morning rush hour Tuesday with a protest rally and march through midtown Manhattan.

Some scuffled with police in riot. The workers were angry over the awarding of a non-union contract for a transit project.

Nearly four hours into the demonstration, about half a dozen workers were arrested when they tried to turn over a

parked van. The crowd shouted "police state" when dozens of officers with nightsticks came to break up the crowd. There was shoving and bottle-throwing.

Mayor Rudolph Giuliani said the crowd numbered about 40,000 at its peak. Some shops and offices were forced to open late of the crowd.

The demonstrators accused the Metropolitan Transit Authority of awarding work to a contractor who used nonunion help. Some dis-

played a 10-foot inflatable rat, symbolizing what they called rat contractors.

Tom Kelly, a spokesman for the authority, said the contract was awarded "to the lowest responsible bidder in accordance with law."

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## EUROPE

## French Academy's Linguistic Guardians Are Choking on Feminized Titles

By Craig R. Whitney  
New York Times Service

PARIS — You say "Madame le ministre," I say "Madame la ministre," the French government decreed Monday. Let's call the whole thing off, thundered the Académie Française on Tuesday.

"Academy" has feminine gender in French, but the French Academy, a male bastion founded by Cardinal Richelieu in 1635, is positively beside itself about such proposals as making *ministre*, a masculine noun in French, feminine when the minister in question happens to be a woman.

That is one of the things the Socialist-led government has proposed doing to recognize the increasingly visible role that women play in French life.

But that would require bending the rules of French grammar that all nouns

are either masculine or feminine — rules that are jealously watched over by the guardians of linguistic orthodoxy, the "immortals" of the Académie Française.

Only 2 of the 39 current members of the academy are women, and the group's Perpetual Secretary, Maurice Druon, whose tongue is as formidable as his white mane and his walking stick, left little doubt where he stood in an interview Tuesday with *Le Figaro*, the conservative daily newspaper.

"Socialist ideology is making France go to pot, and the French language with it," Mr. Druon said.

"The academy in charge of this language will meet this week to see if it is possible to appeal to the Council of State or the Constitutional Council," he went on, "because the appropriation of a post by the person exercising it is contrary to the principles of equality

contained in the Constitution." Ministers come and ministers go, but *ministre* will always be masculine if Mr. Druon and his ilk have their way.

Since they often heap ridicule on what the "politically correct" movement in America does to the English language and fiercely defend French against all English or American linguistic intrusions, they seem doubly determined never to let it happen here.

Rallying to the cause, another immortal, Jean Dutourd, delivered himself of a sentence that it is safe to say no American male chauvinist, however hardboiled, would ever let traverse his lips these days, accusing Prime Minister Lionel Jospin of linguistic travesty.

"These are the results of polygamy by Jospin, who has surrounded himself with sultanas and, to please his harem, has resuscitated an old idea," Mr. Dutourd said. Indeed, Mr. Jospin has

five women ministers in his cabinet, and he explained to them and their nine male colleagues four months ago that one of his predecessors, Laurent Fabius, tried in 1986 to feminize titles and job descriptions where appropriate, but to little effect.

Mr. Jospin vowed to do better, appointing a commission to study the problem and vowing to start right away.

"Even Jacques Chirac now calls me *Madame la ministre*," said Dominique Voynet, the environment minister, recently referring to the 65-year-old conservative politician who is *Monsieur le Président de la République*. "Older people resist, but you can understand that," Mrs. Voynet, a scientist by training, said tolerantly.

Bravely, two of her colleagues, Claude Allègre, the (masculine) minister of education, research and tech-

nology, and Ségolène Royal, his (feminine) deputy, circulated a memorandum to educational establishments on Tuesday, explaining how to feminize grammatically masculine titles or professions.

An assistant of feminine gender becomes *une assistante*, a word already commonly used in a society where 11.5 million of the 26 million people in the labor force are women.

But in the professions, where integration of the sexes has progressed more slowly, an architect who is a woman can now, at least in academic circles, be called *une architecte*.

The circular gives its blessing to calling a supervisor *une chef de service* if she is a woman, though *chef* is grammatically masculine, and a doctor who is female becomes *une médecin*.

Feminizing the noun to make it *une médecine* would turn the doctor into a

drug, but other words don't pose the same problem. Thus a storekeeper can perfectly well be *une magasinier*, a laboratory technician *une technicienne* and a functionary *une agente*.

"Eliminating all sex discrimination remains a general legal principle for which jurisprudence has for some years been insisting," the two ministers said in their circular to school and university administrators. "We attach particular importance to carrying out these measures and will insist that they be applied scrupulously in texts submitted for our signature."

Anticipating the academy's attack, the ministry argued that "magasins" existed in France in the 13th century, that women like Joan of Arc were not called *commandant* but *commandante*. And in 1701, the ministry said, somebody even dared to use the word *académicienne*.

## Protestants In Ulster Insist They'll Parade Past Catholics

Compiled by Our Staff From Dispatches

BELFAST — Leaders of Northern Ireland's major Protestant brotherhood said Tuesday that they would stand their ground "for 365 days if necessary" to win the right to march past a hostile Roman Catholic neighborhood.

Opposition to the annual Orange Order march in Portadown, 30 miles (50 kilometers) southwest of Belfast, has triggered violence for the last two summers.

Many fear that this time the conflict will undermine April's peace agreement, which is designed to create a new compromise government for Northern Ireland.

Its main pillar, a 108-seat Legislative Assembly of Catholic and Protestant politicians, convenes Wednesday with many antagonists in the Portadown dispute sitting on opposite sides of the room.

On Monday a government-appointed Parades Commission ordered that Portadown's approximately 2,000 Orangemen not take their usual route down Garvaghy Road, Portadown's main Catholic district, back into town from their annual service at the rural Drumcree Anglican church.

Police and soldiers will block Orangemen outside the church if they do not obey.

"Portadown District are prepared to stand at Drumcree for 365 days if necessary for the principle and the right to walk along the Garvaghy Road back into Portadown," said Dennis Watson, an Assembly member and the senior Orange official in Portadown's county of Armagh.

In Frankfurt, meanwhile, Prime Ministers Tony Blair of Britain and Bertie Ahern of Ireland called on Protestant and Catholic leaders to find a compromise to allow a Protestant Orange Order Lodge parade to pass without violence. In previous years the Portadown area march has been the catalyst for riots across the province.

"We had a chance to look at the post-election situation and see how we move on," Mr. Ahern told reporters after a 20-minute meeting with Mr. Blair on the fringe of the inauguration ceremony of the European Union's Central Bank in Frankfurt.

"It's our hope we get through the marching season without trouble and find some way to deal with it," Mr. Ahern said.

"There can only be winners if there is compromise," he said. "People who are brave are people who can find compromise."

Mr. Ahern said he and Mr. Blair would do all they could to see the planned season of parades through peacefully.

"Tony Blair and myself will not give in," he said. "There is no easy revolution and there never has been an easy revolution. If there is not give anywhere, there is a risk of problems on Sunday and, God knows, anywhere else."

In London, a Blair spokesman said: "On Drumcree they agreed that everyone in positions of responsibility must do all they can to ensure the weekend passes off peacefully." (AP, Reuters)

## BANK: Europeans Celebrate the Birth of a Central Institution

Continued from Page 1

ricing their cherished Deutsche mark for the euro, Mr. Kohl said it would provide an invaluable link among 300 million people who earn about a fifth of the world's income.

"With the euro we will develop a new feeling of togetherness," Mr. Kohl told an audience of bankers and dignitaries who gathered to toast the single European currency. "Europe will have concrete new meaning for people because money is more than just a means of exchange. It is also a part of cultural identity and a tool for political stability."

He contended that "Euroland," as the monetary domain is called, would rapidly attract investors seeking a haven for their capital from the turmoil in Asia and other unstable markets.

"The international world of finance has already shown great faith in the single European currency, even six months before it will be introduced," Mr. Kohl said.

Rebutting Mr. Duisenberg's insistence that the euro must not compete with

the dollar as the world's leading reserve currency, Mr. Kohl said that it already is gaining credibility throughout the world as an alternative to the dollar.

He said that the euro's virtues were so appealing that Denmark and Britain, which have refused to abandon their national moneys, would soon be compelled by financial logic and self-interest to embrace the single currency.

Prime Minister Tony Blair of Britain, which passed the six-month presidency of the European Union to Austria on Tuesday, wished the euro every success but refused to make any commitments about when his country would adopt the single currency.

He said that if Britain joins, it would do so after careful consideration of its national interests and after voters have been consulted in a referendum.

Despite the rapturous rhetoric surrounding the launch of the European bank, there were still important matters left to be resolved before it starts operations by the end of the year. Mr. Duisenberg, a 62-year-old Dutch banker and former finance minister,

offered no clues how the bank would handle such contentious issues as the transfer of gold reserves from national central banks.

He was appointed in May after a messy squabble between his supporters, led by Germany, and France, which wanted the bank's presidency for its own candidate, Jean-Claude Trichet, governor of the Bank of France.

A compromise was reached when French officials said that Mr. Duisenberg had agreed to step down halfway through his eight-year term in favor of a French successor. But since then, Mr. Duisenberg has balked at setting a firm date for his retirement.

In addition, there are still questions hanging over the bank's decision-making and the degree of consultations with member governments.

To ensure its full independence, Germany demanded that the bank must be insulated from political pressures in setting interest rates. But France insists the bank must remain sensitive to the pernicious risks of high unemployment and not just worry about inflation.



UNDER ATTACK — Five young men in London charged but never convicted in the racist murder of a black teenager reacting Tuesday with anger when supporters of the victims pelted them with eggs. The five were emerging from an inquiry into complaints that the police had mishandled the investigation.

## That Bloke on the Tube Looks Familiar

Compiled by Our Staff From Dispatches

LONDON — Members of the British royal family are using senior citizen rail passes as part of a drive to cut travel costs, Buckingham Palace said Tuesday.

The 72-year-old Queen Elizabeth II does not claim concessions for the elderly, the palace report said — although she did take a regular train to visit her 97-year-old mother in a hospital.

The queen's husband, Prince Philip, 77, used his Old Age Pensioner's Pass to travel at the cheap rate on a trip from London to Cambridge, and her sister, Margaret, 67, used her pass when she opened a youth club in Brighton.

They saved the palace and the public £56 (\$92) between them. But their economies contributed toward a £2 million saving on royal travel, the palace said.

The royal travel budget for the year to the end of March was £19.4 million, while £17.3 million was spent.

The palace has been striving to make economies in response to public criticism of the royal lifestyle after the death

of Diana, princess of Wales, last year.

The royal family pledged then to get more in touch with the British people and traveling among them could be seen as a way to do this.

In addition to the senior citizen rates, much larger savings were made by using Royal Air Force aircraft less frequently and relying more on scheduled or charter flights.

Money was also saved by keeping the royal train in the sidings more of the time. The budget of the train was cut from £1.85 million to £1.15 million.

But it still cost taxpayers £11,843 to take the queen by royal train to watch the English Derby, the highlight of the horse racing season, at Epsom in May. A round-trip ticket by scheduled service would have cost £4.10.

Travel costs relating to Diana's funeral were covered by insurance policies and recouped, Buckingham Palace said.

The Prince of Wales's flight by Royal Squadron jet from Aberdeen to Paris

and back on Aug. 31 to accompany the princess's coffin was similarly covered by insurance and reclaimed on behalf of the public purse.

The cost was not disclosed. The royals have already lost the services of the yacht *Britannia* and have saved money by using a new, cheaper-to-run helicopter.

"This has been a very successful first year for the new royal travel grant-in-aid arrangements," said Sir Michael Peat, keeper of the Privy Purse.

"These are savings in terms of making money work harder rather than cutting back on standards and quality."

Substantial savings have been achieved without compromising the standard of the service provided for some 3,000 engagements carried out by the royal family last year, he added.

Another report made public Tuesday on the costs of keeping up the royal palaces showed savings of £3.2 million last year, a reduction of 43 percent since 1991. (AP, Reuters)

## Iran Says Prodi's Visit Signals Thaw With EU

Compiled by Our Staff From Dispatches

TEHRAN — Iranians hailed the visit of the Italian prime minister on Tuesday as a first step to improving relations with the European Union, severely strained after a German court implicated the Tehran government in an assassination.

The visit by Romano Prodi, the first by an EU head of government since Prime Minister Constantine Mitsotakis of Greece in 1992, "will result in an immediate thaw in relations between Tehran and the European Union," a Foreign Ministry spokesman, Ali Ahani, told the official Islamic Republic News Agency.

Mr. Prodi's trip shows that Rome is taking the lead among EU governments in holing relations with Iran, which has significant trade with several European countries.

The Italian prime minister arrived in Tehran on Tuesday night, leading a delegation of political figures and only one senior economic official, Trade Minister Augusto Fantozzi.

Mr. Ahani said his government hoped to do more business with Italy, which is Tehran's fourth-highest international trading partner. Their volume of trade reached \$2.3 billion last year, the Iranian agency reported.

During his three-day visit, Mr. Prodi is expected to hold talks with Iran's president, Mohammed Khatami, and business leaders.

According to Rome, Mr. Prodi's mission is essentially political: to size up the new Iranian government in place since Mr. Khatami, a moderate, took office in August.

The 15-nation EU broke off regular

meetings with Iranian officials and withdrew its ambassadors in April 1997 after a German court accused Iranian leaders of ordering the 1992 assassination of four Kurdish dissidents in Berlin.

The ambassadors returned late last year, and in March the EU agreed to resume dialogue with Iran. (AP, AFP)

## Mayor Denies Wrongdoing

Tehran's mayor Tuesday denied all wrongdoing at the latest session of his graft trial, which is at the center of a feud between conservatives and moderates in Iran. Reuters reported from Tehran.

Mayor Gholam-Hossein Karbaschi, a key ally of President Khatami's, has repeatedly denied breaking the law. He has rejected the trial as a political ploy by the conservative-led judiciary opposed to the president.

## Will Cossacks Ride In Russia Again?

The Associated Press

MOSCOW — Armed Cossacks will soon patrol the streets of St. Petersburg on horseback, if the local police chief gets his way.

The police chief, Viktor Vlasov, plans to assign Cossacks to patrol an uncrowded city district for a trial period so that he can "try all forms of law enforcement," the Moscow Times reported Tuesday, citing a police spokeswoman, Tatiana Fyodorova.

The city will pay the Cossacks and provide them with guns but they will have to bring their own horses.

St. Petersburg officials said if the Cossacks prove effective, their patrols may spread to other districts.

In past centuries, the Cossacks were noted for horsemanship and loyalty to the czar.

The czar sent the Cossacks out decade after decade to suppress protests and various minorities, including Jews, Tatars and Chechens, earning the Cossacks a reputation for brutality.

## Iceland Sees .Com Peril

## Internet Terminology Conquering Youth

By Mary Williams Walsh  
Los Angeles Times Service

REYKJAVIK, Iceland — You think the Justice Department has it in for Bill Gates and the marketers of Microsoft?

Try an earful from the Icelandic Language Institute.

"They are nothing less than destroying what has been built up here for ages," says the institute's director, Ari Pall Kristinnsson.

Iceland, you must first understand, is a tough, proud, island nation with language-preservation instincts that put the Académie Française to shame.

Icelandic may be spoken by fewer than half a million people worldwide, but you should never mistake it for a beleaguered minority tongue.

On the contrary: Up until now, Iceland could boast a minority-language success story nearly unique in the world. The French may be fighting a losing battle with such creeping barbarisms as "le hot dog." Germany may have succumbed to "das Midlife Crisis."

But centuries of Icelandic isolation and vigilance have preserved a national grammar, vocabulary and spelling that are virtually identical to what the Norwegian Vikings spoke when they settled this land in the ninth century.

Startling though it may sound to an American who has struggled with the Middle English of Chaucer, any Olof Sixpack here can curl up with a Saga — written a good century before "The Canterbury Tales" — and understand every word.

Today, however, Iceland's linguistic patriots say Mr. Gates stands poised to lay waste to all they hold dear. The reason, they say, has everything to do with the shamanistic powers that computers seem to exercise over the minds of the young, and with the marketing strategies of far-away Microsoft.

Microsoft's sin: It refuses to translate Windows into Icelandic.

A Microsoft spokeswoman, Erin Brewer, notes that while the company has translated the popular program into "at least 30 languages," including such rarities as Slovenian and Catalan, it won't be doing it in Icelandic.

"We are not localizing Windows 98 into Icelandic due to the size of the market," she said.

Thus, Iceland's unique linguistic success may now prove its undoing. For even as its language specialists were defending the purity of their ancestral tongue, they were also making sure every schoolchild here learned English.

With virtually the entire population now proficient in English as a second language, Microsoft sees no point in translating Windows into their proud mother tongue; it can just sell them the English version.

"As it looks now, Microsoft is the most powerful company in the world, and it can decide which way the computer world is heading."

Mr. Kristinnsson says. "This is a disaster. You cannot implement a language policy if the computer talks to you in some other language."

So: Let the research labs of the world come forward with their hyperlinks and motherboards, their fuzzy-set logic and their geosynchronous satellite positioning systems.

Up until now, Iceland's linguists have kept pace with them, creating perfectly pedigreed Icelandic words for anything new.

An example: No self-respecting Icelander would think of arguing that this game isn't worth the effort — that, say, AIDS should just be called AIDS, rather than "alaumi," an ancient Icelandic word for "totally vulnerable."

And thus, a video monitor here is a "skjar," which literally means "the amniotic sac of a calf." Generations ago, when Icelanders lived in sod houses, these membranes were dried and stretched across holes in the earthen walls for windows. Even today, when windows are made of glass, *skjar* still evokes the idea of a window. And since the centuries-old term had fallen into disuse, it was free for the taking and recycling by computer wonks.

The etymology of the Icelandic word for computer, *toelva*, is similarly pure: It is a compound word, put together from the Icelandic words meaning "digit" and "prophets," alluding to a computer's great store of knowledge.

"You can say everything in Icelandic," says Kristján Arnason, professor of Icelandic at the University of Iceland. "You don't need English to express yourself."

Mr. Kristinnsson adds: "They start teaching computers in kindergarten, and there's no way they would call these

things anything but 'skjar' and 'toelva.' They're just words, like 'car,' or 'cup.' You don't have to be filled with national pride, or anything like that, to use them."

Not that Icelanders are short of national pride, of course, but it's really logic and efficiency that fuel their crusade, say the specialists. By constantly making up new indigenous words for global concepts, Iceland has neatly avoided the costly language battles now plaguing other countries in the instant-communication age.

Until recently, Mr. Kristinnsson, the Language Institute director, was the toast of the international linguistics crowd, holding his head high at professional meetings haunted by doleful Quebecers, militant Basques and worried Russian delegates seeking ways of defusing the next language-based conflagration on their territory.

But now comes Windows.

Iceland can't avoid computers. On the contrary, because it is in the middle of the North Atlantic, far from any continent, it needs e-mail and the Internet just to function in modern times.

Iceland has worked hard to promote a computer-literate society, starting children early on computers in the schools.

## BRIEFLY

## Women Backed In EU Court Test

LUXEMBOURG — The European Union's highest court ruled Tuesday that employers may not fire women from work even after long absences due to pregnancy-related illnesses.

The Luxembourg-based European Court of Justice said that contracts giving employers the right to dismiss workers after a stipulated length of absence could not apply in cases of pregnancy.

"Dismissal of women during pregnancy for absences due to incapacity for work can only affect women and therefore constitutes direct discrimination on the basis of sex," the court said.

The court was responding to a request from Britain's House of Lords, which wanted a European ruling on the case of a British worker. Any damages will be decided by a British court. (Reuters)

## Polish Missile Fired Near Tourist Ship

WARSAW — A Polish military aircraft on exercises fired a live missile near a Baltic Sea excursion vessel carrying children over the weekend, a Defense Ministry spokesman said Tuesday.

"There was indeed an incident that caused a certain danger, although the pilot realized in time that something wasn't right and halted his activities," the spokesman, Eugeniusz Mieczak, said. He said the vessel strayed into a military closed zone where pilots were firing at floating targets. (Reuters)

## 3 Are Sentenced In IRA Bomb Case

PARIS — A French court gave two Frenchmen and an Irishman light prison sentences on Tuesday on charges of hiding and helping an Irish Republican Army squad that was preparing bomb attacks in Britain two years ago.

The three men were released because their time already spent in pre-trial detention exceeded the length of the sentences. (Reuters)

## Cypriots Debating Immigrants' Future

NICOSIA — Cypriot authorities Tuesday debated the future of more than 100 African and Arab immigrants rescued after an 11-day ordeal at sea, during which two died of thirst.

The immigrants were found half-starved and crammed on a small fishing boat. Sources said Cypriot officials probably will ask neighboring countries to take the immigrants. (Reuters)







## ASIA/PACIFIC

## New Philippine Leader Takes Oath

Estrada Says Asian Economic Woes Will Force 'Tightening of Belts'

MANILA—Joseph Estrada on Tuesday took the oath of office to become the 13th president of the Philippines and declared war on white-collar crime and the bloated bureaucracy.

The 61-year-old president, who won a landslide election May 11 campaigning as a man of the people, takes over as head of state as the Philippines confronts an economic crisis that threatens to reverse efforts to reduce poverty.

Gloria Arroyo, 51, was sworn in as vice-president just before Mr. Estrada, who is known by the nickname Erap, took the oath at the Barasoain Roman Catholic church, north of Manila.

"To the marginalized and the poor, here is the promise of Erap: You will be the first to share from the benefits of the economy and the government," he said in his inaugural address at a Manila park.

But he also cautioned against high expectations, saying the population had to "tighten our belts" because of the financial crisis that is buffeting Asia.

"I want to bring peace to our lives and harmony to our society," he said. "I want to bring order to our streets and justice to our institutions. I want to impart energy to our economy and more equitableness in the distribution of its fruits."

Mr. Estrada named himself interior secretary and declared war on "eco-

omic saboteurs in business suits" and "crooks in government."

"I ask the rich to take a share of the sacrifices commensurate to their strength," he said. "None of us can escape."

"I feel that the common people have waited long enough for their day to come. That day is here," he added. "It is now the turn of the masses to experience liberation."

The crowd, estimated by police to number in the hundreds of thousands, repeatedly burst into cheers, chanting his nickname "Erap," or "pal" in Filipino.

About a third of the population lives below the poverty line and only a fraction of the population of 70 million could consider itself middle class.

But Mr. Estrada, who is a college dropout, was quick to say he did not want to discourage businessmen, who during the election campaign were openly skeptical of his ability to rule, especially as the country struggles to recover from the financial crisis.

But Mr. Estrada has partly won over the business community with a 10-point program to reinforce market reforms as well as help the poor, boost agriculture and fight crime.

He has also impressed them by picking what is generally seen as a professional cabinet.

Mr. Estrada reiterated his plan to take power away from legislators to allocate

state funds to their pet projects, which he contends as a key source of graft.

But in a more conciliatory tone, he conceded that he had been wrong to approve the burial of a national hero's casket for the dictator Ferdinand Marcos.

There was widespread opposition to the decision, including from Mr. Estrada's predecessors, Corason Aquino and Fidel Ramos.

Acknowledging the public reaction, he said "there is a need for a longer time to pass to allow the wounds of some and the wounds of the nation to heal."

With the country celebrating the 100th anniversary of its declaration of independence, Mr. Estrada turned the inauguration into a repeat of the same ceremony a century ago for the revolutionary general, Emilio Aguinaldo, the first president of the Philippine Republic.

The Bible, as well as the pen he used to sign his oath, were also used by General Aguinaldo.

He intentionally did not invite foreign leaders.

Mr. Estrada and Mr. Ramos, each clad in the ecru-toned formal Filipino dress shirt known as a *barong*, rode together on a black coach drawn by a white horse, which ferried them to the church.

Mr. Estrada delivered his address in Filipino, the first leader to do so. His predecessors had used English.

Mr. Estrada gained a devoted following among the country's poor during



President Joseph Estrada, followed by Fidel Ramos, greeting the crowds north of Manila on Tuesday.

several decades as an actor in B movies, playing tough guys who stood up against injustice. He parlayed his popularity into a successful political career, first as

mayor of a Manila suburb, then as a senator and vice president.

He began his inauguration day by paying respects at the tomb of his father, a

former sanitary engineer of Manila, where he said, "I will tell my father that I did not only take care of our family name, I even made it shine." (AFP, AP, Reuters)

## On the Air Live, Clinton Amazes Chinese Callers

By John Pomfret  
Washington Post Service

SHANGHAI—Yu Fang spent lunchtime Tuesday in the Happy Earth Fruit Shop hawking mangoes and furiously dialing his telephone.

The 33-year-old fruitmonger was trying to get through to the leader of the world's sole superpower.

"I have a question for Kelindun," he said, using President Bill Clinton's Chinese name as he pressed the redial button again and again on the wobbly phone in his store.

"I want to know what he thinks about inter-racial marriages, about love between China and the USA."

Sadly for Mr. Yu, he never got through. But a dozen other questioners did as Mr. Clinton took his charm offensive onto China's airwaves — appearing live on a popular radio talk show in this bustling metropolis.

The appearance marked the third time in four days that the American president has been broadcast live on China's electronic media — twice on television.

The Chinese, it appears, are eating it up. For a nation accustomed to aged and distant leaders, locked away in guest houses and remote compounds, guarded by dour soldiers, cruising in black sedans, Mr. Clinton's popular touch has been a hit with many people here.

His willingness to answer personal questions — from how he likes to exercise these days to what he plans to do when he leaves office — have befuddled and amazed the Chinese.

His apparent spontaneity and human touch are something that are rare as well in a country that has for centuries attempted to turn its leaders into gods.

"We're just not used to thinking of our leaders as people," said Ma Xiebin, an accountant. "We could never ask those questions of Jiang Zemin."

"Hi, my name is Li. Here's the question I want to ask," said one man who got through to the show "Citizens and Society."

"We noticed that you've been involved in a lot of activities and you seem to be very healthy, and you seem to have a nice figure. Mr. President."

"Which sports do you like to play," was the question.

Mr. Clinton said he used to play basketball in college and jog. But last year, he hurt his leg during a fall at the house of the golfer Greg Norman. Since then, he said, it's been Stairmaster.

"And I play golf. I like golf very much. It's my favorite sport," he said.

Other questions revolved around the Southeast Asian financial crisis, attempts by the United States to improve relations with Iran, Americans' unfamiliarity with foreign lands and Mr. Clinton's predictions about the World Cup in soccer.

## NAMES: Return of Identity

Continued from Page 1

said, adding that he hopes his father can still recall the family name.

So few people are ready for the change to last names that the government has opted for a phased introduction of the names rule over the next year, said Ts. Tsedev, head of Mongolia's Civil Registration and Information agency.

Mr. Tsedev has been leading a campaign on national television to assist the recovery of names.

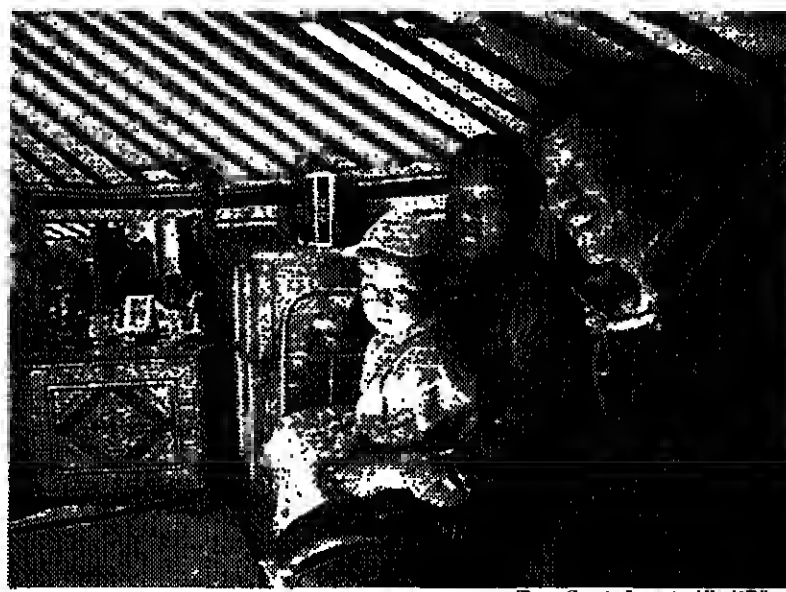
"Older generations often remember family names, so I encourage people to go back to their parents or grandparents," said Mr. Tsedev, who first learned his family name seven years ago and has been obsessed with genealogy ever since.

In his spare time Mr. Tsedev has helped compile what he calls the world's most complete list of Mongolian names.

He hopes the list of 1,300 names, organized by region, will help jog faded memories. "People can look for the village where their family came from, see the names and maybe remember what they were called," he said. Those who can't figure out their family name or don't want to be bothered, can adopt any name they choose.

While trying to allay concerns that a significant portion of Mongolia's population will adopt the family name of the national hero, Genghis Khan, Mr. Tsedev said relatives of the country's commoner were certain to prefer the name "Gurgachaa."

"I am sure they will be so happy to call themselves all Gurgachaa and



D. Shatar with his family in a yurt on the plain of Mongolia, near the ancient capital of Karakorum. He needs to learn the family name.

have the name of the first Mongolian who went in space," Mr. Tsedev said.

Prime Minister Ts. Elbegdorj said family names slow the rise of crime and increase social responsibility.

But not everyone is ready for a full disclosure. One Mongolian claiming aristocratic ancestry said a lifetime of discrimination had made her father reluctant to reveal their true family history.

When she inquired about the family's name for the first time last year, her father spoke emotionally in low tones, telling of his capture by Communists while carrying the hallmarks of an aristocrat.

After generations of ruling a large portion of Mongolia's southwestern Huri Province, the woman's grandfather fled to China on horseback with

his family and thousands of servants in advance of Communist revolutionaries, she recounted.

While on his deathbed in exile, the grandfather passed his riding boots, hat denoting the family's aristocratic rank and the family tree to his son, commanding him to recover their ancestral land.

The son, while riding across the Gobi Desert, was captured by Communists who recognized and confiscated his aristocratic possessions. He was said to have been imprisoned for months and kept unemployed for years while his wife, a Russian-educated doctor, was forbidden to practice medicine. "My mother has a loud voice so she finally found work singing in the state opera," the woman said.

## CLINTON: In Shanghai, the President Seeks a Personal Glimpse Into China's Future

Continued from Page 1

The bishop, Jin Luxian, who is attached to a Chinese Catholic church that is independent of the Vatican, appeared to surprise the president with the declaration that he did not think "belief in religion" was "restricted in any way" in China.

Bishop Jin also said his church cooperated with the Government. "Why should church believers do something against our Government?" he asked. "Here we adopted the policy of dialogue instead of contending with each other."

Mr. Clinton, who gave long responses to many of the questions, had no reply to Bishop Jin.

Zhu Lanyue, deputy dean of the international department at the East China University of Politics and Law, told the president that the state of the legal profession in China remained primitive but had improved. Mrs. Zhu, who is in her 40s, said China needed to train thousands more lawyers and persuade people to seek legal remedies to their grievances

with the Government or in the private economy.

Wang Xiaoying, 51, a novelist, said she had little trouble getting her novels about family life published. "The problem is not getting novels published," she said, "but coming up with good ideas each day."

To address ordinary Chinese, Mr. Clinton also appeared on a live call-in radio program.

The Government had resisted allowing him to appear on the program, American officials said. But last week the Government agreed to the appearance, considered by the White House to be an important event because it allowed Mr. Clinton to speak directly to the Chinese.

Like talk-radio in the United States, even "live" conversations are broadcast with a seven-second delay, but American officials said the calls were not going to be screened for content.

The questions were indeed wide-ranging, from the economy ("I believe that China has done a very good job in holding its currency stable and trying to be a force of stability during the South-

east Asian crisis," Mr. Clinton said), to the World Cup soccer tournament ("It's hard for me to predict, but I think the Brazilians are pretty hard to beat"), to his health (the President keeps in shape on a mechanical stair climber "because it's quicker than running").

The relaxed air of the radio show was reflected on Monday evening as the President stepped out of his limousine at the Portman Ritz-Carlton Hotel, on a busy street lined with crowds of people craning their necks for a glimpse. Mr. Clinton waved to acknowledge the cheers.

Then he went inside for the evening, passing up the chance to peek at Shanghai's

boisterous nightlife at the bars and supper clubs that self-consciously fashion themselves after the styles set in the 1920s and '30s, when Shanghai was the most cosmopolitan city in Asia.

On Mr. Clinton's daytime itinerary Tuesday and Wednesday were three landmarks that have opened in just the last two years: a stock exchange that is a leader technologically, a world-class museum with inventive display tech-

niques and the Shanghai Library, the most modern in China.

Mr. Clinton's aides have portrayed his itinerary in China as one that traces the country's history. In Xian, the first stop, one sees relics of ancient China; in Beijing, the largest icons of Communist China are on view; Shanghai is among the most forward-looking cities in the country. Of course, that neat pattern does not account for Guilin, the pleasure spot, or Hong Kong, which lies ahead.

Economically, Shanghai looks healthy in comparison with much of the rest of Asia. Round-the-clock construction continues on skyscrapers throughout the city, if on fewer than before. The unemployment rate is rising steadily, as state-owned factories shed workers, yet average family income is still climbing marginally.

There are relatively few formal events planned during Mr. Clinton's stay here, and officials doing advance work say that offers the Clinton family the flexibility for shopping and walks, or quiet time away from their 1,000-member entourage.

Some older Hong Kong residents also attribute young people's lack of Chinese nationalism and identity to a failure of education — and to long exposure to Western culture. Simon Li, at 75 the elder member of one of Hong Kong's most prominent families and a former justice on its highest court, said, "If they knew more about Chinese culture and Chinese history, they wouldn't be so critical of China."

But among his generation, Mr. Li may be an exception. Many older Hong Kongers immigrated here from China to escape the turmoil of the 1966-76 Cultural Revolution, and their feelings are stronger — and much more negative.

"Both of my parents dislike China," said Mr. Cheung, the university student. "Especially my mom. She came here because of the Cultural Revolution. She suffered quite a lot. She came here to escape China. For her, she is really biased against China — the people, the culture, everything. To her, even the soccer team is bad."

## BRIEFLY

## South Korea Asks North to Join Probe

SEOUL — President Kim Dae Jung proposed Tuesday that South and North Korea jointly investigate the deaths of nine crewmen of a captured North Korean submarine.

Generals from the American-led United Nations Command relayed his offer to North Korea when they met with North Korean generals at the border village of Panmunjom to protest the submarine intrusion as an armistice violation.

The UN Command did not report what North Korea said during the meeting. But the command proposed talks to discuss the return of the nine crewmen's bodies after North Korea agreed not to exploit the repatriation for "political purposes."

After the submarine was opened last week, nine bodies were found. South Korean officials said all had been shot, apparently to avoid capture. But North Korea has said that the submarine drifted into southern waters because of mechanical problems and questioned Seoul's explanation of the deaths. (AP)

## UN Repatriates 4 Millionth Afghan

ISLAMABAD, Pakistan — The United Nations refugee agency has returned 4 million Afghan refugees to their homes, but said Tuesday that a lack of funds was hobbling plans to end exile for 2.6 million more.

"The 4 millionth Afghan refugee has returned home in recent weeks, despite the prolonged civil war, killer earthquakes and human rights problems that continue to plague Afghanistan," the United Nations High Commissioner for Refugees said in a statement.

The number is a record since World War II, it quoted the UN high commissioner for refugees, Sadako Ogata, as having said. (Reuters)

## Cambodian Prince Promises Justice

POUDONG, Cambodia — Prince Norodom Ranariddh, the ousted Cambodian co-prime minister, vowed on Tuesday to bring political killers to justice if his party wins the country's general election on July 26.

A grenade attack on a rally in Phnom Penh last year left at least 16 persons dead while almost 100 have been killed since the prince was ousted by his co-prime minister, Hun Sen, last July. (Reuters)

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## HONG KONG: After a Year, the Return to Chinese Rule Creates a Blur of Identity

Continued from Page 1

ernment is not doing much to celebrate," Mr. Lo said. "There's no fireworks. There's no atmosphere for celebration."

President Jiang Zemin will mark the July 1 anniversary with a flag-raising ceremony, a band-stand banquet at the convention center and a celebration at the Hong Kong Coliseum. The festivities will be capped by the appearance of President Bill Clinton.

The government's attempts at patriotic boosterism seem summed up in the simple slogan written on the Prince of Wales Building, which now houses the Chinese Army garrison in Hong Kong: "Love The Motherland, Love Hong Kong."

But for many, love of the motherland is a forced one they do not really feel.

"How does one show one's love for somebody else?" said Martin Lee, chairman of the Democratic Party, whose campaign of human rights and expanded democracy in Hong Kong has caused him to be banned from the rest of China. "By saying 'I love you' only."

"This love has to be won," he stressed. On the opposite side of the political divide, Tsang Yok-sing, chairman of the pro-Beijing Democratic Alliance, conceded: "Love, emotions,

don't change overnight." Mr. Tsang said that even as a staunchly pro-China figure in recent political quarrels, he feels a bit inhibited about listing his nationality as Chinese on airport immigration documents. "I have to admit that even for me, I will hesitate a little when I fill out these forms," he said.

In many concrete ways, Hong Kong and the rest of China remain entirely separate entities one year after their reunification. Flights from here to Beijing are considered international, and Hong Kong's Chinese residents still need a travel permit to cross the border.

In a speech in Washington, Anson Chan, Hong Kong's top civil servant, said: "The real transition is about identity and not sovereignty." She went on to describe how her revelation came on Oct. 1, China's national day, and how she felt touched when she saw China's red flag with five gold stars hoisted for the first national day celebration in Hong Kong.

Her remarks sparked a flood of cynicism and jokes here that speak volumes about the territory's confused sense of self, particularly among young people born and bred here under the Union Jack, for whom mainland China seemed distant, forbidding and somewhat alien.

Under British rule, little was taught in schools

about China, and never the kind of civics lesson that would imbue young people with a sense of Chinese nationalism, said Daisy Li, an editor with Apple Daily, Hong Kong's most popular Chinese-language newspaper. "We don't have any particular feeling when we hear the national anthem or see the national flag," she said.

Some older Hong Kong residents also attribute young people's lack of Chinese nationalism and identity to a failure of education — and to long exposure to Western culture. Simon Li, at 75 the elder member of one of Hong Kong's most prominent families and a former justice on its highest court, said, "If they knew more about Chinese culture and Chinese history, they wouldn't be so critical of China."

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العودة الى الوطن



## ASIA/PACIFIC

## Police Fire On Indonesian Workers

**JAKARTA** — Police units and soldiers firing rubber bullets, wounded dozens of steel plant workers on Tuesday as thousands staged a violent protest to support their demands for better pay and welfare programs.

"We had to fire rubber bullets because they attacked us with rocks and concrete blocks," said an officer at a military post in Bekasi, just east of Jakarta. "They even wanted to burn a movie house across from the factory."

The state-run TVRI television station reported that 104 people had been arrested for interrogation and that at least 26 workers were injured.

Meanwhile, the government announced an average 15 percent increase in regional minimum wages, putting the monthly salaries between 130,000 and 198,500 rupiah (\$8.60 and \$13.20).

The workers at the P.T. Gunung

Garuda steel plant were unaware of the order. Company officials could not be reached immediately for comment on pay and working conditions.

But the military officers said all 2,100 employees of the plant went on a rampage to protest low salaries and adverse conditions.

A number of security personnel were injured, including three who were treated at a hospital, the officer added.

It was the second consecutive day of protests by the workers.

Also on Tuesday, about 2,000 workers of P. T. Tyfotex, a textile company in the central Java town of Sukoharjo, 520 kilometers (325 miles) east of Jakarta, carried out a similar protest.

They demanded higher salaries and better social assistance programs, the police said.

One officer said the workers planned to march to the nearby city of Solo.

There were no reports of trouble.

The news agency Antara reported that about 6,000 workers at the factory went on strike Monday.

About 3,000 students and other youths demonstrated Tuesday at the local council building in Maumere, a town on Flores Island in East Nusa Tenggara Province, demanding political and economic reforms.

On Sunday, the police opened fire on a mob looting a timber warehouse.

One man was killed and the death triggered a riot in the town of Blora, 550 kilometers east of Jakarta, Antara reported.

## Habibie Expels 41 Notables

President B.J. Habibie expelled 41 members of the People's Consultative Assembly on Tuesday.

The move was described by the Assembly's deputy chairman as a purge to rid the body of corruption, Agence France-Presse reported from Jakarta.

The 41 ejected from the country's highest legislative body included several close business associates of former President Soebarto.

Others were former ministers, businessmen, and wives and daughters of former and serving officials.

"The measure is designed to clean the MPR of nepotism, corruption and collusion," said the party's deputy chairman, Abdul Gafur of the governing Golkar party, using the initials for the name of the Assembly in the Bahasa Indonesia language.

Mr. Gafur said President Habibie had ordered the expulsions through a presidential decree, and had already named replacements, who are to be sworn in on Wednesday.

Not on the list of expulsions were four of Mr. Suharto's children — Hutomo (Tommy) Mandala Putra, Siti (Tutut) Hardianti Rukmani, Siti Hediati Prabowo and Bambang Trihatmodjo. Mr. Bambang's wife is an Assembly member.

Prominent among those dropped were a timber tycoon and Mr. Suharto's golfing partner, Muhammad (Bob) Hassan; a former information minister, Hartono; a former finance minister, Fuad Bawazier, and Anthony Salim, son of a business tycoon, Liem Sioe Liong.

Amalia Siantii, the daughter of the armed forces commander, General Wiranto, who had earlier said she would voluntarily resign, was also dismissed.

Also expelled by the decree was the Indonesian ambassador to the United States, Dorodjatun Kuntjorojakti.

The 1,000-member Assembly is made up of 500 presidential appointees as well as 500 members of the House of Representatives.

Of the House members, 425 are elected and 75 are military.



A security officer at Malaysia's new airport confiscating a toy gun from a passenger on Tuesday.

## A Step For Timor Freedom

But Separatist Rejects Parts of Jakarta's Offer

By Barbara Crossette  
New York Times Service

**UNITED NATIONS, New York** — The East Timorese independence leader, Jose Ramos Horta, says he would accept an offer of limited autonomy within Indonesia now and a five-year delay on a referendum on the territory's permanent status. But he would not agree to a recognition of Indonesian sovereignty in the meantime.

Speaking at a news conference here Monday, Mr. Ramos Horta recommended that the question of who owns East Timor, which Portugal abandoned and Indonesia seized in 1975, be frozen while changes in the territory take place.

"It is progress on the ground that would be beneficial to the people of East Timor and beneficial to the Indonesians," he said, responding to proposals made on June 10 by President B.J. Habibie.

Mr. Ramos Horta defined that progress as a reduction of Indonesian troops in East Timor and the release of all political prisoners, including Jose Xanana Gusmao, a guerrilla leader who has served five years of a 20-year sentence.

Mr. Ramos Horta had earlier seemed to rule out any compromise, even in the short term, and he remains committed to East Timorese independence.

Mr. Habibie has already said that independence is not possible, and has linked even limited autonomy to an international recognition of Indonesian sov-

ereignty over East Timor, which has been denied.

Under President Suharto, who resigned in May after more than 30 years in power, a special administrative status for East Timor's 800,000 people had not even been considered, and Mr. Ramos Horta said he welcomed Mr. Habibie's gestures.

The new president also recently met Bishop Carlos Ximenes Belo of East Timor, with whom Mr. Ramos Horta, who lives in exile in Australia, shared the 1996 Nobel Peace Prize.

Mr. Ramos Horta cited changes in both Indonesia and South Korea, where the longtime dissident and opposition leader Kim Dae Jung assumed the presidency this year.

In this atmosphere, Mr. Ramos Horta said, there is room for compromise if Indonesia does not insist on conditions.

## Envoys Cut Short Dili Visit

Three European Union ambassadors on Tuesday cut short an East Timor trip marred by violence, Agence France-Presse reported.

Protocol officials in Dili said the decision was prompted by an incident Monday in which Indonesian intelligence agents accompanying the diplomats opened fire on a crowd, killing one man and wounding five.

The British ambassador, Robin Christopher, who led the delegation, said the EU regretted the "tragic events of the past few days" and said the situation called for urgent solution.

## Glitches Snarl Malaysia's New Airport

By Thomas Fuller  
International Herald Tribune

**SEPANG, Malaysia** — Kuala Lumpur's new airport opened Tuesday with glitches in its central computer causing the baggage and check-in systems to shut, bringing chaos to Southeast Asia's biggest airport.

After waiting several hours for their luggage, hundreds of angry passengers arriving from Buenos Aires, Johannesburg, Los Angeles and Taipei, clapped in unison at the baggage claim, chanting: "Lug-gage! Lug-gage! Lug-gage!"

Departing flights were delayed, computer screens throughout the terminal went blank and arriving passengers who did manage to get their luggage were faced with a taxi line of several hundred people, as the cab company given a monopoly at the airport failed to keep up with demand.

"These are first-day problems," said Khairuddin Ibrahim, managing director of Malaysia Airports Berhad, the company charged with running the airport.

"It will improve."

The chairman of Malaysia Airlines, Tajudin Ramli, said that he expected some "teething problems" with the airport's ambitious computer system.

Passengers, however, said they were frustrated at the lack of information about the delays.

"We were treated like mushrooms — kept in the dark," said Charles Tiedt,

46, who arrived from Johannesburg early Tuesday and whose bags arrived on the carousel three hours after his plane touched down.

"Everyone understands it's a new airport and that there might be some problems," added Mr. Tiedt's wife, Jeanette, 41. "But one single person has come here to tell us what has happened."

Tuesday marked the first full day of operations at the Kuala Lumpur International Airport, a \$3 billion project that was spearheaded by Malaysia's prime minister, Mahathir bin Mohamad.

The airport, which will eventually feature hiking trails in the adjoining jungle and a Formula One motorcycle circuit, is the first of two East Asian airports to open this week. Hoog Kong's Chek Lap Kok will be inaugurated by President Jiang Zemin of China and President Bill Clinton of the United States on Thursday.

Despite the delays, passengers said they liked the new airport's design — its lofty wood-paneled ceiling and marble floor.

"It's impressive," said Reese Hamson, 48, an Australian whose surfboards were several hours late in arriving at the baggage area. "Much better than the old one."

Airport officials spent most of Monday night transporting equipment from the old airport — a 1960s-era structure built to handle 400,000 passengers but which last year handled 16 million — to

the new. Frequent fliers to Kuala Lumpur said that although they disliked using the old airport, they would miss its proximity to the city.

The new airport is about 75 kilometers (46 miles) from central Kuala Lumpur, three times as far as the old and at least four times as expensive by taxi. A one-way fare is about 80 ringgit (\$20).

"I think that will affect lower-income people," said Sharkawi Bohari, a businessman from East Malaysia, who waited for his bags in a darkened arrival hall where overhead lights had inexplicably switched off.

The airport's chief, Mr. Khairuddin, said the issue of distance would soon be forgotten. "People get used to the distance. If it was near the city center it would be an issue."

The airport, which is linked to central Kuala Lumpur by a six-to-eight-lane highway, is just under an hour away by taxi, outcounting traffic jams.

The issue is irrelevant for transit passengers at the new airport. It is these travelers that Malaysia hopes to lure away from such other hubs in the region as Singapore, Hong Kong and Bangkok.

Mr. Khairuddin said that Kuala Lumpur would compete on the basis of landing fees, which he said would not change from those charged at the old airport.

"It's a far cry from Hong Kong," he said. "In terms of rates, we are quite cheaper."

## GIVE A KID A HAND



The first five years of a child's life are critical, the experts tell us. That's when their characters are formed. That's when caring counts. Someone to show them how to do things. Someone just to hold them. Unfortunately, for many of the world's children, that's just what they don't get. And society suffers as a result — because a deprived child has a lot less chance of growing up an adjusted adult. Some of us

believe we can change things — or at least try. And we need your help. No, don't reach for your pocket. It's not your money — it's you we want. In your community there are dozens of ways you can make personal contact with kids and make a difference to their lives. Maybe you'll help one to read, to play a game, to learn to laugh. Maybe you'll just be the hand that holds out a little hope...

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## EDITORIALS/OPINION

## Herald Tribune

## Candor About China

Bill Clinton's White House couriers in Beijing lost no time in spinning his China trip for the home audience. Like paid movie reviewers, his national security adviser and secretary of state pronounced President Clinton's trip thus far, and in particular his joint news conference with President Jiang Zemin, "remarkable," "extraordinary" and "stunning" in its impact. They even supplied their own unverifiable, and almost certainly inflated, viewership estimates. "We have moved the relationship into a qualitatively and quantitatively different direction," said Secretary of State Madeleine Albright.

There are two problems with this kind of show-biz type when applied to global diplomacy. The first is that Mr. Clinton's remarks at the joint news conference and in his Beijing University speech were good enough to stand on their own.

Mr. Clinton had to walk a line between pulling his punches, on the one hand, and being patronizing or hectoring, on the other; he walked it pretty well. He spoke out politely but forthrightly on Tiananmen, Tibet, political prisoners and more. He articulated broad principles of democracy, and he offered concrete suggestions to improve China's human rights record in incremental ways. China's praiseworthy decision to advise his remarks undoubtedly amplified Mr. Clinton's message in unpredictable ways.

The brief summit meeting produced no comprehensive agreements of substance, at least as reported thus far. In itself, there is nothing wrong with that. The U.S. president should meet with other world leaders regularly, without the pressure of having to produce major new agreements. Coming home more or less empty-handed is certainly preferable to sacrificing U.S. interests just for the sake of getting a deal.

But it is important to remember why there was no substantive progress in areas that, six months ago, were mentioned as potential fields for accomplishment: China and the United States continue to view the world very differently. On trade, there was little progress because China, while enjoying full access to the U.S. market, does not want to open its own — a situation leading to mounting trade deficits, and one that is not sustainable politically in the long run. On nonproliferation, China refused again to join the major global treaty on missile control, presumably because it is not sure it wants to restrict its missile sales to Iran, Pakistan and elsewhere.

And on human rights, far from making concessions, China stoutly defended its repressive system and continued, right up through Monday, to round up dissidents in conjunction with Mr. Clinton's trip.

So the summiteers praised China, once again, for promising, once again, to sign — not ratify, mind you — a major treaty on human rights. They pretended that a symbolic agreement to retarget missiles had serious implications for stability. But these exercises in joint make-believe — and this is the second danger — can force the administration over time to make concessions to make the rhetoric come true. Already the claims of new friendship have caused extreme nervousness in Japan, Taiwan, India and other surrounding democracies with which the United States really does share values and really should be strengthening its partnership.

Mr. Clinton spoke candidly to the Chinese about human rights. His administration should speak just as candidly to Americans about what has, and has not, been accomplished in the U.S.-Chinese relationship.

— THE WASHINGTON POST

## Northern Irish Flux

The week ahead contains two important events in Northern Ireland. This Wednesday the region's new assembly meets for the first time, and Sunday marks the date of the most explosive of the yearly parades. In both cases, a small group of determined opponents can thwart the desire for peace expressed by the great majority of voters.

The parades, celebrating Protestant victories of 300 years ago, are an annual source of tension. This year the British government took the smart step of forming a bipartisan commission to rule on the routes marchers may take. On Monday the commission decided that the Orange Order may not take its Drummer march through the Catholic Garvaghy Road in Portadown. The Orange Order has refused to comply, Catholic residents, equally intransigent, vow to greet the march with a protest.

The Royal Ulster Constabulary must uphold the parade commission's ruling, which is the law, and do so without the heavy use of plastic bullets and other violent measures. Britain has wisely sent reinforcements, in the form of 1,000 soldiers. But the best solution would be a compromise between local Catholics and Protestants.

While the parade season looks dishearteningly familiar, the opening of the new assembly shows that things are changing in Northern Ireland. The 108 members elected last week meet on Wednesday for the first time. The assembly can work only if politicians

break out of their sectarian thinking. Members will choose a first minister, who is expected to be David Trimble, leader of the Protestant Ulster Unionist Party. His deputy is likely to be John Hume, head of the largely Catholic Social Democratic and Labor Party. Mr. Trimble will find himself governing a body and heading a cabinet that includes Sinn Féin, the political wing of the Irish Republican Army. He still does not speak to its members. But he is now Sinn Féin's ally in making the assembly work, against the hard-line Protestants whose views he once shared. That journey took courage and vision.

The hard-liners oppose the peace agreement, especially because the assembly will get no powers until a body linking its members with Irish legislators is in place. They have nearly enough members to sabotage the assembly on key votes, so a few defections from Mr. Trimble's party would be fatal. That threat makes him very vulnerable to pressure from the small anti-accord group.

Sinn Féin's president, Gerry Adams, like Mr. Trimble, faces a paradox. He badly needs to prevent those Ulster Unionists from defecting. He could help by joining Mr. Trimble in pressing the IRA to begin giving up its arms. The idea of cross-community alliances is startling and strange for Northern Ireland. When they happen, we will know that the peace process is working.

— THE NEW YORK TIMES

## Other Comment

## About Teenage Pregnancy

To start to really understand the problem of adolescent pregnancy in America, we have to recognize it as an adult problem. The causes that lead to teen pregnancy are adult-driven, and it is adults who are going to have to solve the problems.

I mean, look what kind of role models we are. Two-thirds of the mothers who have babies out of wedlock are adult women — not teens. Sixty percent of women aged 20 to 24 have unplanned pregnancies. Seventy-seven percent of women over 40 say their pregnancies are unplanned. And two-thirds of the fathers of babies born to teen mothers are adult men.

Instead of asking why teens behave so differently and immorally, we should be asking, "How come they are behaving so much like the adults that are around them?"

Eighty percent of teen mothers who give birth were living in or near poverty long before they became pregnant. You know, it used to be that America's elderly were the poor; now it's our children.

Our child poverty rate has gone up 26 percent between the 1970s and 1996. We have the highest rate of child poverty of any industrialized nation in the world.

It doesn't mean that all children who are poor have babies. If they have a parent or parents in the home who stress the importance of education, and teach those children that they can grow up to be somebody, the children are going to be on an upward trajectory. And the tendency to engage in all risk behaviors, including adolescent pregnancy, is going to be much lower.

— June Fonda, speaking last Wednesday at a National Press Club luncheon in Washington.

## A Mideast Lull Without a Breakthrough in Sight

By Thomas L. Friedman

JERUSALEM — Two months after Madeleine Albright laid down an ultimatum to Israel to decide on a further redeployment from the West Bank, or else, neither the decision nor the "or else" has appeared.

Interviewing Prime Minister Benjamin Netanyahu, I was left with the impression that he is ready to do a deal — provided he can get from the Palestinians all the political and security concessions he feels he needs to insulate himself from the crazies in his coalition who oppose any accord. (Polls show 63 percent of Israelis favoring the withdrawal, so the public is ready.)

But no deal is going to give Mr. Netanyahu, or Yasser Arafat, everything he wants. In the end the deal on the table satisfies Israel's basic security needs, but does not satisfy every political need. Will Mr. Netanyahu risk his coalition to push it through, or risk the peace? No one here knows.

I believe he will do this deal, but only when he feels he has no other choice. What is unusual about today is that there is a temporary equilibrium of

forces that is making it difficult for any party to force that choice.

The United States: Henry Kissinger was ready to twist Golda Meir's arm to accept the 1973 disengagement accords, and in the early 1990s James Baker was ready to twist Yitzhak Shamir's arm to accept the Madrid peace conference. Clear-cut, overarching U.S. strategic interests were at stake — a global struggle with the Soviet Union and a global struggle with Iraq.

Today there are still some U.S. interests in the peace process. But the Clinton team, because it has not articulated any onerous post-Cold War strategic framework, cannot convincingly link any particular regional conflict with U.S. national security, and so cannot counter domestic pressures to do nothing. Without a strategic logic, the Americans look like naive do-gooders trying to break up a street brawl.

Israel: The Israeli economy today is O.K., there has been no serious Pal-

estinian terrorism in many months, and the Labor Party opposition has all but collapsed, so for the Israeli public there is no urgency to make a decision.

Sure, every week some senior Israeli political figure denounces Mr. Netanyahu as a liar and manipulator. President Ezer Weizman did it last week, and on Monday eve called for new elections. But it has no effect. It seems that some part of Israelis likes the idea that Bibi is such a bad boy. Better, they say, to have an Israeli bad boy deal with the bandits on the Arab side.

Jordan: King Hussein, who has more influence with the Israeli public than any other Arab leader, complains privately about Mr. Netanyahu, but won't break with him. The king is worried about triggering an explosion that will scare away the foreign investors he needs. He is worried about a Palestinian state. And he doesn't want to admit to his domestic and Syrian critics that his Israel alliance might have been wrong. So he stewes privately and writes Mr. Netanyahu angry letters.

The Palestinians: Also paralyzed.

Mr. Arafat does not want to unleash the Palestinian "street," because he could lose control. He also does not want to give a green light to Hamas suicide bombers, because this would turn the United States against him. So he stewes and writes letters to Mrs. Albright.

What you have, for the moment, is a negative equilibrium. Its stability is an illusion because it is not built on positive understandings but on problems not solved, promises not kept, decisions not made and anger not vented.

Worse, what you feel here is that even if there is a deal, things will not really improve. Mr. Netanyahu's whole approach to the Palestinians is based on the notion that there is no Palestinian people, with its own interests and politics. That is why he negotiates with America, and gives the Palestinians a choice of accepting what he is willing to offer America or taking nothing.

Even if he can engineer a deal on those terms, it will not be stable because no real Palestinian consensus will underlie it, only an Israeli diktat.

The New York Times

## A Good Visit to China, but Don't Overdo the Harmony

By Richard Cohen

WASHINGTON — It is hard to know anymore what is historic. We have the historic this and the historic that and the historic fact that anything on television is historic. So I will not quibble with National Security Adviser Sandy Berger labeling Bill Clinton's exchange with Jiang Zemin as "historic," although for the moment nothing much has changed and Mr. Clinton was flabby where he should have been muscular.

The president, we have all been told, triumphed. He talked human rights where no president — maybe nobody — has done so before. He engaged the Chinese leader on the issue of religion and Tibet and he made sure that all China, watching in rapt attention on television, understood that the United States and China disagree on human rights. All that was swell.

But Mr. Clinton need not have said anything about how we "Americans must know-

ledge the painful moments in our own history whose fundamental human rights were denied." When was that — the slavery era? That ended in 1865, Jim Crow? That ended a lot later, but as a legal matter it has been gone now more than 30 years. Is he talking about the treatment of the American Indian? If so, he has characterized it properly, but again this is not a contemporary problem.

Tiananmen is it occurred a mere nine years ago. It is not some 19th century atrocity, such as the near-genocide of the American Indian, but an event whose participants are still in jail. Even lynchings, as awful as they were, are not in the same league (not to mention the same era) as the cold-blooded murder of several hundred people.

America's past is not perfect. It is China's present, though, that concerns us all.

Second, the president kept

referring to Chinese-American friendship. "Our friendship may never be perfect. No friendship is. But I hope it will last forever." But China and the United States are not friends. We do not share a common heritage or civic culture.

We Americans do with Britain, which is why we have been friends for so long. We do with Israel, which helps explain the virtually unique relationship with that country.

As for France, without whom we might still be a British colony, we are not so much friends as in-laws. It is a close but contentious relationship.

China, though, is a one-party dictatorship, not as bad as it once was but not as good as it should be. Mr. Clinton and Mr. Jiang appeared together on television because the government permitted it; it just as easily could have decided otherwise.

In fact, its decision was such a surprise that relatively few Chinese saw the debate.

China and the United States have a diplomatic and commercial relationship. This is not a romance.

The language of diplomacy eschews precision. I understand. I did not expect Mr. Clinton to call the Chinese leaders all sorts of names, nor do I think he should have.

His visit has been worthwhile. China is not a contemporary version of the Evil Empire. It is moving away from authoritarianism and toward something else — it is too soon to say what.

What is more, Mr. Clinton talked in clearer, less ambiguous terms when he addressed students at Beijing University. There he said that "certain rights are universal."

Earlier, though, he fudged when talking about what had happened at Tiananmen. In his dialogue with Mr. Jiang, he called for the release of protesters still in jail and referred to other matters, still secret, that he had discussed with the Chinese leader. Then he backtracked by saying that "these are legitimate and honest differences in the way we look at this." Nor for me. Innocent people were murdered. China is simply wrong.

I was not one of those who opposed this trip or who demonize China. Still, it is ultimately patronizing to treat the Chinese as if they are going through a development stage in which human rights is a luxury which can afford right now, or to admit that we, too, made some mistakes on the way toward perfection.

This language of moral relativism, embedded in an otherwise excellent presidential presentation, marred Mr. Clinton's message. If I heard it, then so did his hosts, and what grated on me must have sounded like the sweetest music to them.

The Washington Post

## Be Certain Any NATO Intervention in Kosovo Is Legal

By Frederick Bonarr

BELLS — As violence rises in Kosovo, calls for NATO intervention become more strident. The alliance is readying its army. Those making and those hearing these calls should beware. Armed intervention would cause greater bloodshed and threaten the post-World War II order in Europe.

If the swords come out, the consequences will be grave, and not only for Yugoslav President Slobodan Milosevic. With him, all the Yugoslav nations — Serbs, Montenegrins, Kosovars — as well as their neighbors may endure grievous suffering.

And unless NATO's leaders submit the calls for intervention to a decision by the international community, they will destroy the moral and legal basis of the North Atlantic alliance.

The crisis has arisen from a disconnected combination of motives and circumstances, but these have now acquired their own momentum.

The suppression of minority rights of Kosovo's ethnic Albanian population is an old story. It has been brought to a head by the collapse of orderly government in Albania and an influx of small arms and fighters to strengthen the radicals who have seen the futility of seeking justice by peaceful means and are ready to use violence.

At the same time, NATO, whose primary purpose (defense of its members against external aggression) now appears irrelevant, has acquired the new task of guarantor of security and stability in Europe.

Pressure is being exerted internally and externally for the alliance to act independently in this capacity.

Faced with armed attacks on Yugoslav police and the Serbian minority in Kosovo, Mr. Milosevic has been trying to isolate the fighters of the Kosovo Liberation Army by creating a cordon sanitaire along the Albanian frontier and

attacking known centers of resistance. This has led to casualties and an exodus of large numbers of refugees. As resistance hardens, he will be forced to increase the military effort in the province, which will result in greater bloodshed.

At NATO, some member governments, frustrated by opposition in the UN Security Council, are trying to establish the organization's right to act independently.

Recently, U.S. Secretary of Defense William Cohen considered United Nations endorsement of NATO action welcome but not imperative. But that would create a precedent for any hegemonic grouping to extend its power under similar claims.

After the failure to impress by initial demonstrations of force, such as the air exercise by allied aircraft over Albania and Macedonia, NATO's military authorities have now submitted a graduated plan of military operations to the North Atlantic Council. They have added a clear warning: Success can be guaranteed only if member countries are prepared to go through with their intervention to its logical conclusion.

The first action over Yugoslav territory could be imposition of a no-fly zone, similar to previous bans over Bosnia and northern Iraq. If allied air patrols enforcing it are threatened by the recently strengthened Yugoslav air defenses, these would have to be suppressed, first in Kosovo and then perhaps in the whole of Yugoslavia.

The chain reaction could then continue to the elimination of

the Yugoslav military command and control system, headquarters, troop concentrations and transport nodes such as railway junctions, bridges, roads. Economic targets would be next on the list, and thereafter it is not a big step to the bombing of Belgrade.

Perhaps this would result in the downfall of Mr. Milosevic. If not, NATO ground forces would have to go in to complete the task, risking significant losses. In the end, NATO would prevail, but the result would be a devastated Yugoslavia.

Restive minorities in the Vojvodina province, in Macedonia, in Bulgaria and in Romania would be encouraged to stir. Eruptions might break out elsewhere in the Balkans. Allied forces would have to remain in the area indefinitely.

In the struggle to obtain justice for the Albanian minority in Yugoslavia, the external application of force may be necessary, and NATO may be required to exercise it. But it must not on any account do so on its own authority. This it should now state very clearly, in answer to cries for NATO intervention in Kosovo or elsewhere.

The alliance is the most powerful military force in the world, but it is not an independent power element. NATO is available to serve the international community in enforcing its laws. It should do so in the Kosovo crisis.

The writer is editorial director of NATO's 16 Nations, an independent military journal. He contributed this comment to the International Herald Tribune.

## Pro-Europe With a British Accent

By David Howell

LONDON — The British have poured generations of lifeblood and resources into keeping Europe free and stable. They are champions of an enlarged and open Europe, and of completing the single market. And the "Anglo-Saxon" themes of deregulation and resistance to excessive centralization are coming to the fore in the EU agenda.

It is not anti-European when the British query archaic and over-standardized Brussels rules and regulations.

Charges of anti-Europeanism are based not on the facts but on a certain mind-set, the attitude which says that the French-German rapprochement agenda for European integration is right and that all other agendas are wrong.

The French-German rapprochement is one of the great postwar achievements, for which we should all be thankful. It is one of the building blocks on which the future of Europe must rest.

Yet there are millions of French men and women and millions of Germans who feel deeply uneasy about the goal of a politically integrated Europe with increasingly powerful central institutions — who query the need for Europe to have a single foreign policy, a single currency or a single tax system.

The real debate is not between pro and anti-Europeans at the extremes. It is between the little Europeans and the big Europeans. It is between those who put the interests of a tighter political union of West Europeans first, and those who believe that the priority is creation of a wider and more open European community, embracing the new democracies of

launching the euro. There is no time or political will left for yet more treaty amendment — especially when it might tilt the balance in the EU still more in favor of the smaller countries and away from Bonn and Paris.

But not everything is going in favor of the little European line. The recent Cardiff summit showed that Europe's leaders now feel it necessary to respond much more strongly to their voters' everyday concerns about Euro-bureaucracy and centralization.

Meanwhile, the East and Central Europeans, who feel, rightly, that they are now just as much a part of a modern, free and stable Europe as their Western neighbors, are beginning to question whether the unwelcome political union they see emerging is quite the same as the community they originally yearned to join.

If there is a criticism of the British position in all this, it is that Britain has been too timid by half in championing the cause of the East and Central Europeans, with whom in past history it had the closest ties.

There is nothing exclusively pro-European about the dated and narrow French-German view of European development. And nothing anti-European about seeking to steer the whole European continent in a more open, liberal and accommodative direction, better suited to today's and tomorrow's circumstances.

The key EU institutions, originally conceived for a community of six states, are already creaking with 15 and would collapse with another five, let alone 11, members.

Yet the political classes of Europe have no enthusiasm for another round of reform. They seem to have spent all their energies on the Amsterdam treaty (which offered nothing on this front) and on

Lord Howell of Guildford is a former secretary of state for energy and a former chairman of the House of Commons Foreign Affairs Committee. He contributed this comment to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: French Ministry

PARIS — M. Henri Brisson, the head of the new Ministry, won a victory. A vote of confidence in the Government was passed by a majority, thanks to the Socialists. Two principal reforms were what the Government hoped to devote its attention to. The Government was going to ask for the suppression of the personal tax on furniture and the doors and windows tax, which would be replaced by an income tax, based on exterior signs of fortune. The second reform was the question of old age pensions.

## 1923: Court Fight

HELENA, Mont. — President Harding bearded the "irreconcilable" lion in his den, when here in the home State of Senator Borah, leader of the Senate's opposition to the Hague World Court, he again upset his regular program to bring up the subject

of the Court. He urged the people of Montana to give their influence to bring about American membership in the international body, which is meant to provide justice among nations.

## 1948: A Balkan Bloc

BELGRADE — Yugoslavia's Communist leaders firmly proclaimed their country's independence and called for formation of a Balkan Bloc "uniting the Albanian, Bulgarian, and Yugoslav people on the principle of national equality." The program was advanced by the Central Committee of the Yugoslav party. The Central Committee denounced as "lies" and "slander" the sharp condemnation by the Cominform of policies pursued by Marshal Tito. "National independence of the people of Yugoslavia is the condition for their road to socialism and their progress in general," the committee said.

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Editor: Joe Ann. Michael Richardson, 5 Courthouse Rd., Suite 100, Fairfax, VA 22031. Tel. (703) 271-7700. Fax: (703) 271-7701

Mr. Joe Ann. Michael Richardson, 5 Courthouse Rd., Suite 100, Fairfax, VA 22031. Tel. (703) 271-7700. Fax: (703) 271-7701

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Mr. Joe Ann. Michael Richardson, 5 Courthouse Rd., Suite 100, Fairfax, VA 22031. Tel. (703) 271-7700. Fax: (703) 271-7701



## OPINION/LETTERS

## What If City and Suburb Called Off the Hardball?

By Neal R. Peirce

WASHINGTON — Is today's America unwisely hung up on forceful, aggressive ways to resolve differences? Check out the violence of American professional sports, movies, videos and television, the off-reported physical abuse within families, and you have to wonder. Or look at the latest evidence: the gangs of the streets infiltrating the schools — and now being used.

Americans, notes Beverly Cigler, a professor of public policy at Pennsylvania State University, are prone to the use of abusively tough war, sports and — yes! — even political language. Ms. Cigler shared with me samples of her collection of prevalent Americanisms.

War language: It's an explosive situation. Torpedo that idea. Stick

to your guns. It's an uphill battle. It's a minefield. Bullets were flying. Let's plan our offensive.

Sports language: Face-off. Hit me with your best shot. No holds barred. Knock his socks off. It's a knockout. Pin him down. Beat him to the punch. Play hardball. Take him out. If you're not a winner, you're a loser.

Cannibalistic language: Chew him up and spit him out. Go for the jugular. We'll devour them. Dog eat dog. Bash their brains out.

Few of these phrases will help American society deal with its most critical challenges, Ms. Cigler says. In the global age now dawning, she asserts, the secrets to success are encompassed in quite different words: cooperation, collaboration, communication, networking, alliances, joint ventures, partnerships.

All match the model of a world driven more by economics than military power, by team achievements rather than solo plays.

Advanced businesses, savvy nonprofit organizations and reinvented governments all use that kind of vocabulary. One could add companion terms: interactive, flexible, work groups, regionalism, cross-border accords. And even some sports-war phrases: Be a team player. Give it your best shot. Go the extra mile. Build bridges.

Sometimes applying the new

vocabulary in government is the toughest of all. Regional cohesion among America's towns, cities and counties has been described as "an unnatural act among rarely consenting jurisdictions." Intermunicipal wars are now legendary.

The urban journalist and author Grady Clay suggests that two nations have risen. First there is the City, its roots in the historic, tightly packed cities of Europe and the Middle East, in ancient cultures based on walking distance. Until the 1940s, "downtown" was the only game in town and the City's center was undisputed headquarters for its region.

Meanwhile, a new, competitive nation has arisen in Suburbia, a revolt against what historic towns and cities represented: central authority and close physical proximity (particularly with strangers). With cheap gasoline, Suburbia has created a world revolving around private auto dominance.

Each nation, Mr. Clay asserts, "patrols its boundaries with attorneys," with distinctively uniformed and sometimes armed and motorized guards; each protects its borders by delegation to the state legislature. And like sovereign nations, when they get on a map they distinguish themselves with different names and colors.

If we hope for a nation that is more than a collection of separate, mutually antagonistic places, we Americans must reach for accords that let walls come tumbling down, and language to match. A new era of coalition and alliance building is critical. It must, says Ms. Cigler, be based on frequent and durable must-building interactions of caring communities that see a shared destiny.

The brawling border wars and job piracy between City and Suburbia, writes the author Tony Hiss, "squander billions of dollars in local resources that could be used to heal wounded areas — and worse, make enemies of future partners by perpetuating the illusion that cities and suburbs are separate places."

Cakier words — collaboration, regionalism, boundary crossing, win-win strategies — may carry more promise than the assertive ones. They represent experiments to alter our confrontational ways, to tap our full resources, so that we collectively expand our potential as a people and a nation.

Washington Post Writers Group



## LETTERS TO THE EDITOR

## Illegal in Mexico

At a United Nations drug conference in New York on June 8, President Ernesto Zedillo of Mexico declared that no country should feel entitled to violate another country's laws for the sake of enforcing its own. This was a clear reference to the U.S. sting aimed at the laundering of drug money, in which more than two dozen Mexican bankers were snared.

Mr. Zedillo's government was not informed of the operation in advance. The Mexicans have said that the operation violated their country's sovereignty.

Undercover operations, by their very nature, involve deception and ethically questionable tactics. By creating an artificial criminal milieu and holding out temptations for criminal opportunities that do not otherwise exist, U.S. authorities are not punishing crime but testing people, and punishing those too weak to pass the test.

This case is in the realm of foreign policy, to say the least. Treasury Secretary Robert Rubin overstepped his authority, and Secretary of State Madeleine Albright was correct to reprove him.

The United States has no right to treat its neighbors this way.

PAUL WOLF  
Glen Mills, Pennsylvania

## Herbicide Again

Regarding "Columbo to Test Herbicide on Coco" (June 22): Has the United States learned nothing from its use of herbicide in Vietnam? It appears that the Washington plans to carry on the drug war to the bitter end, even if it means producing more victims in South America.

PETER WEBSTER  
Le Cannet, France

## More Like Skating

I don't usually visit Europe in the summer, but the temptation to be able to follow the World Cup real time was too strong for me. At this point, I have two observations.

One is that this sport, which I have believed to be the most supremely objective of all — one goal equals one goal, the side with the most goals wins, no two-point and three-point baskets, points after and so on — has become more like figure skating in that artistic impression has acquired great weight. The player who can best act the victim of an ignominious foul usually gets the referee to call in his favor, and several games were decided by penalty kicks that were clearly unjustified when seen in replay.

The second concerns the U.S. team, with the dubious honor of being, with Japan, the only team

to end the first round without a single point. Why?

To me it seems obvious. They played like Americans — just like the kids one sees on Saturday mornings in the nation's parks, where, trained by their dubiously qualified coaches, they compete in well-organized leagues without ever having gone through the stage of everyman-for-himself street soccer that boys in the rest of the world (except perhaps Japan) go through. Unless U.S. soccer manages to recruit players from the social milieu that feeds the NBA and NFL, the idea of an American World Cup triumph by 2010 or 2014 is a bad joke.

JACOB LUBLINE  
Rome

Regarding "The Cross-Channel Feud Over the World Cup" (Features, June 4): There is no feud. There is a one-sided barrage of childish insults by London tabloids, French media have, *Dieu merci*, disdained to respond in kind.

JAMES WIMBERLEY  
Strasbourg

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## Suffering From the Bomb More Than 50 Years Later

By Akiko Kusaoi

TOKYO — My friend Keiko looks no different from any other healthy woman, but she must take three hormone pills every day. The pills are a constant reminder of the cancer she had and the surgery 17 years ago to remove her thyroid gland.

Keiko, 39, is a second-generation victim of the atomic bomb dropped in Nagasaki. When the atomic bomb was dropped on Hiroshima on Aug. 6, 1945, 140,000 people were killed.

## MEANWHILE

Three days later, another A-bomb was dropped on Nagasaki and 74,000 were killed.

Mayor Isao Ito of Nagasaki told the International Court of Justice in November 1995 that a half century after the bombing, 62,000 people in Nagasaki suffered from aftereffects. My friend Keiko was born and brought up in Nagasaki, and she has seen many others who bear the physical and emotional scars of the tragedy or who suffer from various radiation illnesses.

She was a 22-year-old hospital secretary in Nagasaki when a postcard came, saying she had been randomly selected to have a medical checkup as one of the second-generation hibakusha, children of those who were exposed to radiation.

She went for the examination at the hospital of Nagasaki University, and the next month she was hospitalized for thyroid surgery. She was told that there was a tumor the size of a quail's egg and that it had to be removed because "it may turn malignant."

Later, she saw her medical records and learned that the diagnosis had been thyroid cancer. No one had dared to tell her. Her father told Keiko later that her mother had wept, that she was certain that Keiko had developed cancer because she herself was exposed to radiation.

Both of Keiko's parents were exposed shortly after the bomb was dropped. Her father returned from the armed forces to Nagasaki immediately after the surrender terms were finalized on Aug. 14. He had no knowledge of the atomic bombing. His home was not more than a kilometer away from where the bomb was dropped. His mother and sister were killed by the blast. His father and another sister were hospitalized but quickly died.

Keiko's mother came to Nagasaki to look for relatives several days after the bomb was dropped and has stayed ever since. The two met in Nagasaki, and Keiko was born in 1959. For as long as she can remember, her mother has been unhealthy.

The doctors told Keiko that there was no proof that her cancer had been caused by the radiation her parents were exposed to. Government-affiliated research organizations deny that radiation has affected the second generation.

Still, the prefectural governments of Tokyo and Kanagawa provide special health assistance to second-generation hibakusha who suffer from certain illnesses, such as thyroid cancer, that are strongly linked to radiation exposure. And there is prejudice. Some second-generation hibakusha face rejection in marriage partners because of fear they may not be able to have healthy children.

Keiko lives a happy life. She studied in Britain and she now works as a free-lance translator of English articles and literature into Japanese. She is not fearful of recurrence of her cancer. But there was a time when she was depressed. She told me her life was "blank" for five or six years after her surgery.

She hopes to have children when she meets the right man, but she is also worried about possible side effects of the hormone pills she has been taking for so long. She does not consider herself a victim and she has never publicly told her story. "We say in Nagasaki that people in Hiroshima are angry, and that we in Nagasaki pray," she says. "We pray rather than speak out loud."

But this is not a time for praying. It is a time for telling the world that nuclear weapons are not usable weapons. Nuclear devices should not be tested in childlike tit-for-tat exercises. Leaders should not talk of the deterrent value of nuclear weapons. Prime Minister Nawaz Sharif of Pakistan recently suggested that Hiroshima and Nagasaki would not have happened if Japan had had nuclear deterrence. How dare he say that? That is not the lesson of Hiroshima and Nagasaki.

Leaders should think of more than sepia-colored photographs of victims when they talk of nuclear arms. They should think of Keiko and others like her.

International Herald Tribune

## BOOKS

## WILL THIS DO?: An Autobiography

By Auberon Waugh.  
Illustrated. 288 pages. \$24.  
Corroll & Graf.

Reviewed by Michiko Kakutani

A NOTORIOUSLY difficult man to please, Evelyn Waugh demanded — no, insisted — that his friends and family amuse him. He regarded them as informants to be sent out into the world to gather information and gossip, and to present him with a version of the world commensurate with his own exacting expectations. The one thing Evelyn Waugh would not, could not, tolerate was being bored.

"It was many years before I could break the habit of viewing every event with half an eye to the bulletin I would send to my father," his son Auberon Waugh writes in his new book.

"Even now, I find that when I hear a funny story about someone in whom he would have been interested — the child of a friend, perhaps, or some grandee — I mentally store it away to repeat to him. There always follows a pang of bereavement when I remember that he is

no longer around to hear it."

With "Will This Do?: An Autobiography," Waugh the younger has produced a lengthy bulletin that his father would have undoubtedly liked — a modest but terrifically entertaining book that's funny, acerbic and a little sad, a book that demonstrates just what a fine informant the author grew up to be.

In the course of a nearly four-decade-long career, Auberon Waugh has written five novels, "10 other books of varying degrees of topicality" and "millions of words of ephemeral journalism" including some scandalous columns for the satirical British magazine *Private Eye* — work that shows that Waugh the son shares the taste of Waugh the father for antic exaggeration, corrosive irony and Swiftian disgust, and a similar talent for producing sparkling prose. What's new about this book are its occasional excursions into tenderness and sentiment, qualities that show that the author can be as touching as he is savage, as reflective as he is funny.

Certainly it cannot have been easy being Evelyn Waugh's son. As his diaries and letters repeatedly made

clear, Waugh had little patience with his six offspring.

"The most terrifying aspect of Evelyn Waugh as a parent was that he reserved the right not just to deny affection to his children but to advertise an acute and unqualified dislike of them," Auberon Waugh writes in "Will This Do?." This was always conditional on their own behavior up to a point, and seldom entirely unjustified, but it was disconcerting, nevertheless, to be met by cool statements of total repudiation.

Waugh does not spend a lot of time anatomizing the psyche of his family. There is no talk about dysfunctional family dynamics, no analysis of emotional fallout.

Rather, Waugh writes matter-of-factly about his childhood, giving the reader some sharp snapshots of life in the English countryside and lots of comic portraits of his friends and relatives. There's Uncle Alec, who "never wrote more than two or three books, each worse than the last." Great Uncle George, who "would desert his pulpit to chase imaginary mice round his church with a golf club," and Uncle Alick Dru, who was called "Whipper" for being "suspected of the secret vice of whipping pigs."

About his father, Auberon Waugh is clear-eyed, observant and slightly wistful. "When he laughed, everyone laughed, when he was downcast, everyone tiptoed around trying to make as little noise as possible. It was not wealth or power which created this effect, merely the force of his personality. I do not see how he could have been pleased by the effect he

produced on other people. In fact he spent his life seeking out men and women who were not frightened of him." Even then, he was usually ended up getting drunk with them, as a way out of the abominable problem of human relations.

When Evelyn Waugh abruptly died in 1966 from a coronary thrombosis, his son felt a mixture of sadness and loss and relief — relief that his death had "lifted a great brooding awareness not only from the house but from the whole of existence."

Ironically enough, his death would also rescue Auberon Waugh from the tabloid grave I was digging for myself "at a succession of newspapers, and give him entry to the world of literary journalism: His first of what would be many assignments for the venerable *Spectator* magazine was to write an appraisal of his father's obituaries.

Waugh's prose is so lively, his stories so amusing that he not only gives the reader a vivid sense of his family and their vanished world, but he also manages to infuse such well-worn subjects as boarding school, the army and Oxford with admirable energy and wit.

In his introduction, Waugh notes that perfectionism is not one of his failings. "The only question left hanging in the air is the one which every journalist asks himself on submitting an article. It is also the one with which we may all eventually, in trembling hope, face our Maker: Will this do?"

As far as this book goes, the answer is a happy "yes."

The New York Times

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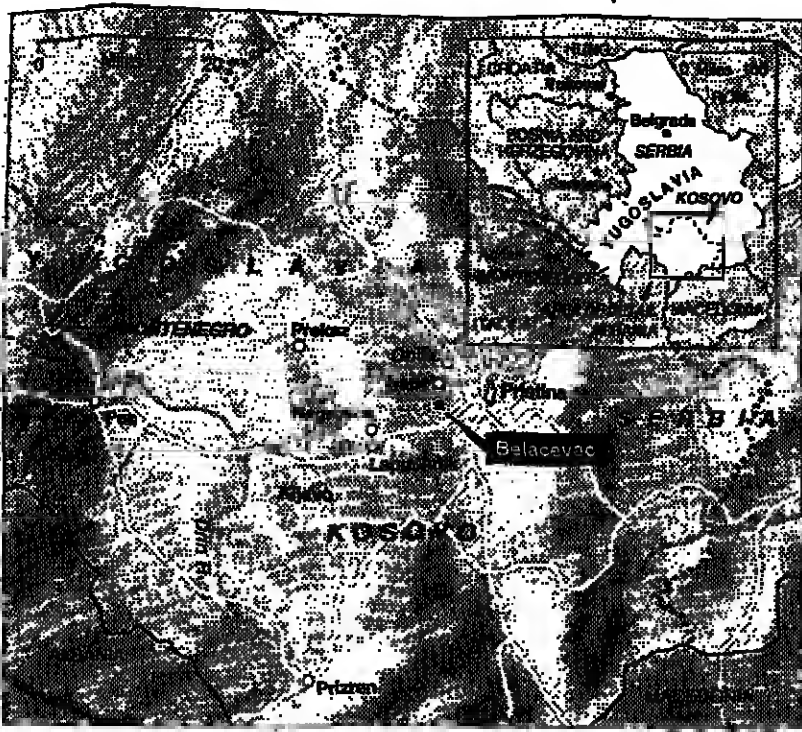
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## INTERNATIONAL

## Serbs Seize Strategic Kosovo Mine



## Villagers Fleeing As Area Is Overrun

Compiled by Our Staff From Dispatches

**BELACEVAC, Yugoslavia** — Serb security forces overran a strategic coal mine just west of Kosovo's capital on Tuesday after a withering offensive that sent thousands of villagers streaming.

Serbian authorities said Yugoslav border guards killed at least eight ethnic Albanians in a separate incident northwest of the city of Djakovica in western Kosovo. But there was no immediate sign on Tuesday that Serb security forces were mounting coordinated assaults against insurgents in other parts of Kosovo, or that a long-feared counter-offensive by Belgrade had commenced.

The Serb-led Yugoslav Army and Serb police took the open-pit mine near the end of a second day of pulverizing attacks on the area that the ethnic Albanians' Kosovo Liberation Army had captured last week.

The mine is strategically important because it supplies coal to the nearby Obilic power plant, which provides electricity for most of Kosovo as well as to Macedonia and northern Greece during peak summer months.

Amid the fighting, a human rights group accused the Serbs of rape and other war crimes in the conflict this year. Another said both sides were guilty of excessive use of force.

This week's eruption of major clashes west of Pristina, capital of the secessionist Serbian province, has dimmed chances of a diplomatic settlement to halt the steadily worsening conflict.

Throughout the day Tuesday, Serb tanks rolled up to the edge of a ridge overlooking the coal mine, fired into the village, then rapidly disappeared.

Throughout the surrounding hills, police snipers, cannons and mortars — well-camouflaged in the lush green hills — all fired on the KLA-held area.

After a 24-hour bombardment of the area, Serb forces ceased their fire about 6 A.M., then resumed it a few hours later after changing their positions. At least four other villages also were shelled Tuesday.



Fighters of the Kosovo Liberation Army carrying rocket launchers on the front line against Serb forces Tuesday.

The Serbs finally retook the mine and surrounding villages in the late afternoon.

Journalists allowed into the area with the Serbs saw stray cattle wandering among burned-out cars and houses hit by small-arms fire and artillery. Police captured several rebel uniforms as well as rocket-propelled grenades and hand grenades.

Dozens of tractors leaving the area towed wagons packed with villagers, many of whom said they would spend the night in nearby woods. Several asked foreign reporters about the possibility of foreign help.

"Have you heard when NATO will come?" asked 19-year-old Saban Gaduni, an economics student at the University of Kosovo.

Richard Holbrooke, the U.S. envoy who has conducted talks with both Yugoslav and ethnic Albanian officials, said in Oslo, Norway, that the conflict has reached a critical stage. He said Americans were still trying to mediate.

"One problem is that, on the military

side, there is no clear Albanian chain of command with which to deal when on talks about a cease-fire. This is a marked difference from Bosnia," said Mr. Holbrooke, who mediated the 1995 Dayton agreement that ended the Bosnian war.

The Russian Foreign Ministry said Tuesday, however, that the rebels should not be part of talks, with its ally, Yugoslavia.

Yellow fumes from two electric generating plants in a town next to the coal mine, and fueled by the coal from its mine, drifted over the entire area at times during the day, severely restricting visibility.

The Democratic League of Kosovo, Kosovo's largest ethnic Albanian political party, reported that four people had been killed, including an 8-year-old boy, and eight men had been wounded in the fighting on Monday.

Independent confirmation of the report was not possible. Serbian officials said they had no reports of casualties on their side.

Kosovo Liberation Army units took

control of the mine last week and immediately began mounting daylight patrols within sight of Pristina.

The force is fighting for independence on behalf of Kosovo's ethnic Albanian majority, which outnumbered Serbs by a margin of 9 to 1. Kosovo is a southern province of Serbia. Serbia and Montenegro comprise the rump Yugoslavia.

Insurgent forces have captured at least 30 percent of Kosovo in the past four months. (AP, Reuters)

## Horrific Attacks Reported

Amnesty International said Tuesday that fighting between Serbs and Kosovo Albanians had led to horrific attacks on civilians by armed forces on both sides, Reuters reported from London.

In a bid to draw world attention to the violence, Amnesty called for independent human rights monitoring of Kosovo.

In a damning report, Amnesty accused Serbs and Kosovo Albanians of deliberately targeting civilians during the recent upsurge of violence.

## AIDS Scientists Tackling The Ultimate Goal: a Cure

Solving the Mystery of Memory T Cells Is Crucial

**GENEVA** — A cure for AIDS? Not yet. But scientists are seriously mapping strategies to achieve this ultimate goal, once so distant it was hardly mentioned aloud.

Treatment with drug combinations can stop the inexorable progression of HIV infection to sickness and death. But this means a lifetime of expensive treatment with 15 or 20 daily pills that often carry unpleasant side effects.

At this week's 12th World AIDS Conference, researchers talked of plans for going the next step. Their intention: Rid the body of HIV completely or reduce it so drastically that the body's own im-

mune defenses can hold the virus in check without drugs.

"Cure of HIV infection is not a myth," Dr. Roberto Siliciano of Johns Hopkins University said Tuesday. "I think this is a problem that can be solved."

However, he and others acknowledged this will not be easy. Several reports at the conference described one large barrier to wiping out HIV, and there may be more that scientists have not even discovered yet.

Even though AIDS drugs can eliminate all detectable signs of the virus in the bloodstream, researchers have learned that some cells stay infected for many years, leaving a reservoir of potentially deadly virus.

These are called memory T cells. Ordinarily, their job is to sit quietly, holding the image of a germ in case it comes back. Perhaps 1 million of these HIV-infected cells linger on after AIDS treatment. They would amount to no more than a tiny dot if somehow isolated in a test tube.

No one knows precisely how long these cells live.

Dr. David Ho of the Aaron Diamond AIDS Research Center in New York City presented new evidence that they gradually die off, but it would take 10 years for them to go away completely. But in the meantime, they are often replaced as tiny amounts of virus in the bloodstream continue to infect more memory T cells.

Dr. Anthony Fauci, head of the National Institute of Allergy and Infectious Diseases, attempted to purge the infected memory cells by triggering them to spring to life with hormones.

In theory, the activated memory cells would release their virus and die. Antiviral drugs would catch the released virus, and the infected memory cells would be eliminated. However, Dr. Fauci said a single round of this treatment left some infected cells still living, although repeated attempts might eventually clean them out.

However, this approach will ultimately fail if memory cells keep getting infected. Another strategy is to first give patients higher doses of existing AIDS drugs — or perhaps use more powerful ones still in testing stages — in an attempt to halt the new infections. Then doctors could try to erase the remaining reservoir.

However, none of this may even be necessary.

"It may be that you don't have to eliminate it," said Dr. Fauci.

For various reasons, some HIV-infected people have stopped taking their medicines after a year or two. Ordinarily, this makes virus levels shoot up. But to doctors' surprise, their virus counts sometimes stay so low they are undetectable.

Researchers theorize that these people's immune systems recovered enough to keep the virus in check. The result: They stay well without taking drugs.

Doctors are looking for ways to recreate this situation more predictably. Dr. Ho suggested giving a vaccine to stimulate the body's natural anti-HIV defenses before AIDS drugs are withdrawn. The immune system could keep the virus in check, just as seems to be happening in those who stopped their drugs.

A cure is the ultimate goal in AIDS, said Dr. Ho, and "we shouldn't apologize for wanting to achieve it."

The American economy has been very good in the

## Annan Meets With Nigeria's New Leader

Compiled by Our Staff From Dispatches

**ABUJA, Nigeria** — The United Nations secretary-general, Kofi Annan, met Nigeria's new military ruler, General Abdulsalam Abubakar, on Tuesday as government sources said the detained politician Moshood Abiola could be released this week.

Mr. Annan's spokesman, Fred Eckhardt, said the private, one-on-one meeting lasted almost one hour, adding that the case of Chief Abiola had been on the talks agenda as well as General Abubakar's promise to restore civilian rule.

A senior government source said that in the course of the talks Mr. Annan would be offered the chance to meet Chief Abiola, but Mr. Eckhardt was unable to say whether the proposal had been made.

"It's something we cannot disclose," he said.

However, human rights and government officials said Mr. Annan had been granted permission to see Chief Abiola, the presumed winner of elections in 1993.

It was unclear exactly when the meeting would occur.

The government source said Mr. Annan, and the Commonwealth secretary-general, Emeka Anyaoku, would discuss Chief Abiola's claim to the presidency. The annulment of that vote lies at the root of a political crisis in the West African country of 104 million.

"The government is trying to get an undertaking from Abiola not to claim the presidency," the source said. "If he agrees, then he could be released this week." The source added, "It will also show that Nigeria respects world opinion."

Chief Abiola, 60, has been detained since 1994 when he proclaimed himself head of state in defiance of General Sani Abacha, 54, who died suddenly on June 8 as he awaited presidential elections — in which he was the sole candidate — that had been set for Aug. 1.

General Abubakar, a career soldier who has never before held political office, has distanced himself from his predecessor's defiant attitude to the world by ordering the release of more than 30 political prisoners and promising to end Nigeria's pariah status by establishing democracy.

World opinion has drifted away from supporting Chief Abiola's claim, as the British junior Foreign Office minister Tony Lloyd, made clear Friday.

Mr. Lloyd, representing the European Union, angered many Abiola supporters by saying the millionaire no longer had a valid mandate for the presidency.

Those supporters, concentrated in southwestern Nigeria, demand that Chief Abiola be made head of a government of national unity until fresh elections can be organized.

That is not acceptable to many of the politicians who joined General Abacha's flawed transition to democracy.

It would also be unpalatable to many in the military, who General Abubakar, a northerner, has to persuade to give up the power they have enjoyed for all but 10 years since independence from Britain in 1960. (Reuters, AP)

## 'Dead' Freeze-Dried Sperm Revived to Breed Mice

By Rick Weiss  
Washington Post Service

**WASHINGTON** — Researchers in Hawaii say they have freeze-dried mouse semen into a lifeless powder, then reconstituted it with a few drops of water and used the freshly plumped-up sperm to fertilize mouse eggs.

The feat offers graphic evidence of the astonishing resilience of DNA. More practically, it could simplify long-term storage of semen from laboratory and farm

animals, perhaps even from people. Scientists have long assumed that living animals can be made only from living cells. But freeze-dried sperm powder is no more alive than freeze-dried coffee crystals.

Even after the mouse sperm was reconstituted with water, it flunked all standard tests for life.

"Sperm" do not need to be alive in the conventional sense to support normal embryonic development," Teruhiko Wakayama and Ryuzo Yanagimachi of the University of Hawaii conclude in

the July issue of Nature Biotechnology.

The demand for extended storage of sperm has increased dramatically in the last few years. Some of the demand is from men who are about to undergo cancer chemotherapy or other treatments that may leave them infertile. Much more of the demand is from scientists and high-tech farmers wishing to preserve the DNA of specially engineered animals for later use.

The usual method for storing sperm samples is to immerse them in tanks of

liquid nitrogen, which are kept at minus 385 degrees Fahrenheit (minus 556 degrees centigrade) and require regular maintenance. By contrast, freeze-dried sperm can be stored in small, vacuum-sealed glass vials at room temperature.

Freeze-drying is a process in which water is extracted by means of a vacuum pump or other method under freezing conditions. Scientists have used the technique to place viruses, bacteria, yeasts and some fungi into a bone-dry state of suspended animation, when water is added, the organisms again show signs of life.

Until now, however, and despite repeated efforts, the molecular violence wreaked by the freeze-drying process has proven too extreme for animal cells.

The Hawaii researchers used standard freeze-drying equipment to dehydrate more than 10,000 mouse sperm that had been suspended first in a preservative fluid. Upon rehydrating the powder with a few drops of water, sperm were again visible under a microscope but none were moving. Many of the sperm heads had become separated from their tails, key membranes were disrupted and biochemical tests indicated that all were dead.

The researchers selected 57 of the better-looking dead sperm to see if they were capable of fertilizing egg cells. Since dead sperm cannot swim, the researchers used a technique called intracytoplasmic sperm injection — commonly used in cases of human infertility — in which individual sperm are mechanically stuffed into single egg cells in lab dishes.

More than 90 percent of the egg cells survived the procedure and began developing into embryos. Of the 46 embryos transferred to the wombs of surrogate mother mice, 14 developed normally and, after birth, grew into fertile males and females.

## BRIEFLY

## French Tests Pose No Big Risk

**VIENNA** — The world's atomic watchdog agency said Tuesday that although France's nuclear testing in the South Pacific had posed no health risks, this conclusion should not be considered a carte blanche for further tests.

The International Atomic Energy Agency, in a report on the current and future effects of the tests in French Polynesia from 1966 to 1996, said lingering radiation levels were so low they could not be medically diagnosed.

"The results of this study should not be used to encourage nuclear testing," said Abel Gonzalez, director of radiation and waste safety. (Reuters)

## Berbers Protest Singer's Death

**ALGIERS** — Thousands of Algerian Berbers marched Tuesday through their stronghold of Tizi Ouzou, east of Algiers, to protest the murder last week of the popular singer Lounes Matoub, witnesses said.

In Algiers, anti-riot police and paramilitary gendarmes deployed in force at the main approaches to the city center barred marchers from staging a similar protest, they said. The marchers blamed the government for the killing of

Mr. Matoub, a staunch anti-government democrat and supporter of the Berber cause, witnesses said. They also chanted anti-Islamist slogans and urged the authorities to recognize their language as an official language along with Arabic. (Reuters)

## Fighting Rocks Guinea-Bissau

**LISBON** — Fresh shelling rocked the capital of Guinea-Bissau on Tuesday as planned talks between loyalists and rebels seeking to topple the government of President Jose Bernardo Vieira were called off.

Senegalese troops backing the elected government aimed over 100 artillery rounds at rebel positions on the outskirts of the city, and insurgents replied with brief bursts of heavy weapons fire, the Portuguese news agency Lusa reported. (Reuters)

## For the Record

U.S.-Cuban migration accords are working well but delays and high prices for Cuban exit visas are leading many migrants to try to leave the Communist island illegally, a U.S. official said. (AP)

## IRAQ: U.S. F-16 Fires Missile at Radar Site After Iraqi Device Locks Onto British Planes



Continued from Page 1

the Culture and Information Ministry denied that Iraqi radar had locked onto the allied planes and called the U.S. missile firing "an aggression and unjustifiable action."

He said that no Iraqi installations had been damaged and that the missile landed in a drinking-water reservoir in Basra in southern Iraq.

In New York, the chief Iraqi delegate to the United Nations, Nizar Hamdoun, said Iraqis were "sick and tired" of the coalition overflights, which Baghdad considers a violation of its sovereignty.

Vice President Al Gore, meanwhile, urged reporters "not to assume that it's a deliberate provocation."

Such incidents have happened before, Mr. Gore noted, and "there are a lot of possible explanations."

But he made it clear that the incident would have no effect on coalition patrols over Iraq, adding, "We will continue to respond decisively to any hostile activities that threaten the lives of our pilots."

Mr. Gore was speaking in the absence of President Bill Clinton, who was in the sixth day of his China visit. Mr. Clinton, in Shanghai, was informed of the incident by Samuel Berger, the national security adviser.

Mr. Cohen rejected the assertion that there was no provocative radar emission. In comments confirmed by the British Defense Ministry, he said that not only

the British planes but the four U.S. F-16s accompanying them, and two other U.S. planes in the vicinity, had detected the radar "illumination" of one of the British jets. Illumination is considered a highly hostile act, often immediately preceding the firing of surface-to-air missiles.

Some analysts suggested that President Saddam Hussein might have been testing the coalition just after it had sharply reduced its forces in the region.

But Mr. Cohen said there were no plans to reinforce 20,000 U.S. troops in the region. Last month, U.S. officials began withdrawing from the area which had hit a peak of 60,000 during the crisis that began in October over UN weapons inspectors. Coalition forces remain on high alert.

Reports of the incident temporarily boosted the oil market, which tends to respond quickly to signs of increased tension in the Gulf.

It was unclear why Iraqi officials might have authorized such a hostile move, if in fact they did, at a time when tensions seemed to have eased.

But for years, since the Iraqi invasion of Kuwait led to the Gulf War in 1991, Mr. Saddam has periodically tested the will and cohesion of the U.S.-led coalition that formed to push his army out of Kuwait.

Iraq has been pressing for an end to the United Nations sanctions imposed after the Gulf War, including limits on its oil exports.

The United States and other countries say that Iraq must first satisfy the UN that its weapons of mass destruction have been eliminated.



## Liam Neeson, on the Road With Oscar Wilde

By Anita Gates  
New York Times Service

**N**EW YORK — Liam Neeson didn't look so scary. The large, almost lumbering screen presence from films like "Schindler's List" and the current "Les Misérables," just seemed tall and slim in person, with more delicate facial features than those of the lovers and fighters he has played.

Maybe he was just tired. Neeson was roughly halfway through a 14-week Broadway run, following a successful run at the Almeida in London, of "The Judas Kiss," in which he plays Oscar Wilde in two conditions: doomed and drained.

"It's hard, you know," said Neeson, seated in a back booth at Café des Artistes in Manhattan. "It's such an emotional journey for me every day. He's practically a broken man, which two years' hard labor did to him."

Neeson becomes that broken man eight times a week, portraying Wilde in 1895 (Act I), just as he makes the decision not to flee England but to stay and face imprisonment for homosexual acts, and in 1897 (Act II), just after his release.

"You just have to go there," he said, referring to the psychological demands of the role. "Otherwise there's no point in doing it, you know. And sometimes it pays off, and other times it doesn't."

The challenge is in leaving behind the character's mind-set when the curtain goes down.

Neeson was eager, he said, to get home to spend time with his two sons, 3 and almost 2, who are at that "running about" stage. The children are the focus of his weekends, when he and his wife, Natasha Richardson, take them to the country.

One recent exception, however, was the weekend of the Tony Awards at Radio City Music Hall, where he presented an award and Richardson was honored as best actress in a musical for her portrayal as Sally Bowles in "Caharet."

It was a subject of much discussion when Neeson didn't receive a Tony nomination for "The Judas Kiss." His New York reviews had been all over the place, describing his work as astonishing, enthralling and "the performance of the year" on one end of the scale, and as actorly and "a bit of a snooze" on the other.

Reviews also sometimes included

comments on Neeson's having been cast in the role at all. The play, by David Hare, elicited equally mixed adjectives — from brilliant, luminous and "cleverly elliptical" to static and "mind-numbing."

Neeson laughed off the Tony controversy. "New York audiences are so responsive, you know, incredibly interested," he said. London theatergoers, he said, sometimes "came with a preconceived idea of who Oscar Wilde was, hoping to see this dandy, this fop who would come out with one-liners, and that's not what David Hare has written."

**S**TILL, Neeson does see Wilde as a colorful, fascinating character. In fact, he professes a certain national possessiveness about the man and "his love of words."

"The English tend to claim him as their own, but he wasn't," Neeson said. "He was very, very Irish, brought up in a very strong tradition of Irish storytelling."

"His mother was this huge, outrageous Irish nationalist and was a bit of a cult hero," continued Neeson, who is from Ballymena, Northern Ireland. "She always had an open door to vis-

iting artists and lecturers. So he grew up in this extraordinary educated world: of books, yes, but of people coming from all walks of life."

Wilde's father, he said, was a noted eye and ear surgeon who died in Oscar's youth. In what Neeson called "one of these strange twists of fate," Wilde died of an ear infection, one that his father probably could have cured.

Before portraying Wilde, Neeson paid a visit to the off-Broadway production of "Gross Indecency: The Three Trials of Oscar Wilde." "It was sort of like a fascinating documentary," he said, "but I was moved by it."

Neeson said there had been some negative reaction to his having taken on the role. "I sensed that there was a kind of a gay thing, of a heterosexual playing Oscar Wilde," he said.

Neeson finds the concern puzzling. "We're not talking about a different species," he said, looking amazed that anyone could consider playing a person of different sexual orientation that great a stretch.

When Neeson wants to get away from opinions like that, and from pretty much everybody, his passion is fly-fishing.

"I'm very absorbed in that," he said. "There's incredible parapherna-

lia. Each rod is totally different and has a different action, action being the sway of the rod and how it throws the line out. There's an art form in casting. Basically what you're trying to do is imitate a fly."

"I'm not terribly successful at catching fish," he added, "but that's not why I do it really."

**H**E is familiar with the book "Fly Fishing Through the Midlife Crisis," he said, but he wasn't fazed by his recent birthday, his 46th, which fell on Tony Awards night on June 7.

"But I freaked out at 39," he recalled. "I was actually doing what I always dreamed I'd be doing. I was on location doing a film, in the Dolomites in the middle of Italy. I wasn't working that day, so I stayed in my room and went through this miserable depression. This was my little exorcism."

Asked if he was romantically unattached at the time, which might have contributed to his gloomy outlook, he said: "No, I wasn't. But she wasn't there."

Neeson was linked with a number of famous women (including Helen Mirren, with whom he had a long rela-



Neeson stars in "The Judas Kiss."

tionship) before he and Richardson fell in love as co-stars of the Roundabout Theatre's 1993 production of "Anna Christie." They were married in July 1994.

She is leaving "Caharet" at the same time Neeson completes his run in "Judas Kiss." Then it's back to London to finish filming "Star Wars: Part 1." Nobody seems to have a problem with his playing a Jedi knight.

## Reviving 'Miss Jean Brodie': Definitely Past Her Prime

By Sheridan Morley  
International Herald Tribune

**L**ONDON — Why bother to revive "The Prime of Miss Jean Brodie"? True, it does afford an actress in middle years one of the all-time great women's roles of modern theater, but the National Theatre has not, at least hitherto, been either minded or funded to satisfy the egos of female players pointing out, however rightly, that Shakespeare never wrote them a "Queen Lear."

Since it first appeared on the West End stage in 1966, I have seen my Miss Brodie played there by Vanessa Redgrave, Anna Massey, Elizabeth Selars and (only a couple of years ago) Patricia Hodge. On the wide screen I have seen Maggie Smith play her, and on

television Geraldine McEwan in a long-running series. True we have not yet had Brodie on ice or under water, but that can only be a matter of months.

But that still doesn't make it a great play, or even a very good one, and if the National is to start reviving old West End war-horses, I'd have been as happy if not happier to see them do "Dial M for Murder" or "The Chalk Garden," or indeed anything that offers a good night for someone other than just the star.

True, Fiona Shaw is breathtaking in the title role, and because vast amounts of money and actors young and older have now been thrown at Jay Presson Allen's still-creaking adaptation of the classic Muriel Spark novel, it does come up looking as good if not better than ever

before. Allen has revised her original script, something people have been begging her to do for years, so here we get more Spark than ever before, but this still remains relentlessly "Goodbye Mrs. Chips," the story of a schoolteacher too much in love with herself for her pupils' welfare. As a result one of them is accidentally killed on the wrong side of the Spanish Civil War, another becomes a nun and a third a star actress, though in truth we never are told enough to care about any of their lives after school.

The two male teacher roles are also still incredibly underwritten, and none of the rewrites solve that, any more than they solve the creakingly predictable outcome. The point about Brodie has always been that she becomes as dan-

gerously fascist and charismatic as any of her prewar European heroes from Franco to Mussolini, and therefore has to come to a bad end, what with explosion from her orthodox school and then death of cancer. I wish I could care, or at least never again have to hear that line about putting old heads on young shoulders. Annette Bandler is here so wildly and wonderfully miscast as the headmistress that the main joy of an elaborately pointless evening lies in working out how she was going to get through the next encounter with Brodie without descending into a wicked but welcome parody of "Laurel and Hardy Go to Girls' School" in drag.



Colin Stinton and Zoe Wanamaker in David Mamet's "The Old Neighborhood."

This time, Allen and Shaw and their usually admirable director, Phyllida Lloyd, seem to have decided to play it as a kind of ecclesiastical thriller, so we get suitably Catholic references to the Last Supper and Renaissance Italian Art. But Judas in a gym slip doesn't really make much sense either, given that we know very early on who is Brodie's betrayer, and as always in creaky '30s thrillers you just have to look for the least likely. Moreover, if you give Brodie a production this vast, on a truly wondrous school-and-convent set by Huntley Muir, you are simply stretching already thin material until all the uniform seams start to show and fray from the front. Some altogether weird stage-management also had (at any rate on the press night), girls thinking they were hidden behind panels out of which stuck most of their limbs and a supposedly offstage violinist walking well onto the set. The fact that it is a school play doesn't mean that it has to look like one.

At the Royal Court Downstairs, hitherto (and hopefully soon again) the Duke of York's, the new David Mamet "The Old Neighborhood," recently seen on Broadway with Pat LaPone, starts as brilliantly as any of his recent work. Two men in Chicago are discussing the current state of Jewishness, with special reference to whether it would have been better to be a Jew in Europe, with everything from the pogroms through "Fiddler on the Roof" to Hitler, than in America where nowadays it seems to make precious little difference who you are.

From that bleak and brilliant start we go rapidly downhill. One of these men (Colin Stinton; the other in the performance of the evening is Linal Haft) then decides to revisit his past in the forlorn hope that he might thus redress his present and maybe even his future. But in scenes first with his sister (an angry Zoe Wanamaker) and

then a former lover (a haunting Diana Quick), it soon becomes clear that nostalgia is not the answer either. The trilogy lasts only 90 minutes in its entirety, but somewhere along the way we seem, on both sides of the footlights, to lose the plot.

The other New York import of the week has amazingly been running off-Broadway for several years; Paula Vogel's "How I Learned to Drive" (Donmar Warehouse) is, for all that, a truly terrible little play, the kind you might have expected from some unholy liaison between Truman Capote and Louisa May Alcott.

We are, mainly, in 1969 Maryland where a young girl is sexually assaulted by her uncle during driving lessons. As he is called Uncle Peck and she L'li Bit, it is clear we are not expected to find much subtlety here. Lolita comes to the

Corbett, and come it certainly is, with three other actors forming a sort of family chorus while Kevin Whately and Helen McCrory frantically try to get their accents right.

Unlike some local commentators, I don't think Vogel's play will encourage pederasty among its audiences any more than "The Mousetrap" has ever encouraged them to go out and kill people. It may, however, stop all uncles from teaching their nieces how to drive, and by the end of the evening L'li Bit has grown into her 40s, which she seems to spend driving around the highways and byways of America with a bottle of whiskey on the passenger seat. It is therefore arguable that she is now still more of a threat to society than her abusive uncle. I guess some plays, unlike L'li Bit, just don't travel, and this is surely one of those.

### MILAN MENSWEAR



From Emporio Armani, a sweater and cropped pants, left; Guiltier's denim hot pants and knitted sweater set.

## On the Runway, Life's a Beach

By Suzy Menkes  
International Herald Tribune

**M**ILAN — If life's a beach, what are you going to wear for summer by the ocean? In the menswear designer shows, Milan's message is brief. Make that briefs. A slip of a swimsuit is symbolic of a change in vacation wear as denim hot pants and sawn-off clam-digger trousers start to challenge sloppy, over-size swimwear.

You thought that tummy resort clothes were tasteless — now only by a washed-up hippie gone white yuppies exercised in surf? That was then.

Now that mainstream fashion has converted to sportswear, a different take is required at the cutting edge. And in a city where good taste and big business meld into the ubiquitous beige suit, it is refreshing to find shows as deliberately tacky as those sent out by the French designer Jean Paul Gaultier and the Canadian design duo at D Squared.

Both put sand on the runway and made refined masculine elegance seem like something from another generation and planet. For Gaultier, whose once innovative tailoring didn't add up to anything much, sexy denim and taut, tight swimwear stole the show. His inventive priting (shaded or trompe l'oeil on wide jeans) and the way that swimbriefs were worn over mesh slips (with canvas hats, clinking chains and Viva Zapata mustaches) gave the show a funky feel of a Côte d'Azur campsite reeking of French fries.

Mixed with the low-down and tacky were high-end couture pieces: a tuxedo jacket or evening robe worn with jeans;

cargo pants in silk; a sheer shirt in the designer's signature pinstripes.

The witty take on Daytona Beach in the 1980s sent out by D-Squared meant models emerging from a hatted trailer in garish terry bathrobes or those skimpy swimtrunks. Behind the jokes (a camouflage cape made from a ground cloth) were slyly sexy modern pieces with a military touch.

As a poolside show, Gianfranco Ferré was pretty steamy — but don't count on getting a smooth tan in the multistrapped sportswear he sent out in his GFF line. It must have taken a lot of design ingenuity to create straps going every which way, creating diagonal harnesses — even under the filmy overalls as the models walked through the azure water at the finale. Under and over the trusses were less bizarre tailored or knitted pieces in graphic black and white.

Giorgio Armani has evolved a formula for his Emporio line. Take a vast venue (a cavernous new nightspot), flash up the logo, invite stellar celebs (Arnold Schwarzenegger for the show and former President George Bush for the party) and send out the merchandise — tons of it — to dress a man from office to paradise isle.

It might sound relaxed and easy, but this season's show was complicated by taking the casual Armani sportswear look and then tweaking its shape or presentation. So an asymmetric hemline swalloped dived up and down on a sloppy sweater; checked shirts bloused like sweatshirts under suits; voile shirts in Neapolitan ice-cream stripes were cropped at the midriff; sarongs were draped as togas, and parkas topped dhoti pants.

Of course there were lots of simple outfits, including the monochrome suits that opened the show. In fact, the clothes seemed a bit too easy when Armani's take on summer meant floppy beach pajamas and sleeveless tunics over track pants. The overall feeling was that items were being mixed for the sake of it and that the collection needed a stronger story and body line.

The tailored look of the 1990s — slim, straight, simple and military — is well-established and Costume National Homme endorsed that trend, showing short trim coats, square jackets with two military pockets and the zippered hoods that look sleek with flat-front pants.

The shows Tuesday were about established designers doing their thing. So Fendi focused on leather and knit, sending out the shirt jacket in supple leather and giving sweaters and cardigans lively textures. Laura Biagiotti added to natural yarns fuzzy colored knits worn with madras checked shorts. Krizia followed the sporty trend with fresh mixes of chocolate leather jackets and crunchy vanilla sweaters. In the casualizing of simple clothing, the shirt-jacket was to the fore, and footwear meant sandals.

He may be seen as King Canute, who stood on the shoreline trying to hold back the waves, but one designer is holding out against the casual trend: Valentino. His presentation of bantam-weight suits and light-as-a-feather cashmere sweaters had a refined elegance in its neutral tailoring with carefully crafted details. Valentino even had a word for the baby-soft knits in pastel colors: "luminous cashmere" for a man with tender tastes.

### CROSSWORD

**ACROSS**

- 1 "Hey, Mac!"
- 3 Nautical pole
- 4 Home of Iowa State
- 10 Bank take-back
- 14 Vacation destination, with "the"
- 16 Diminished by
- 18 Author — S. Cornhill
- 17 Viciously
- 19 — de-lance
- 20 Goes phish!
- 21 List recipient
- 22 Jonesboro metal worker?
- 23 Conductor
- 27 Largest (Irving Berlin, originally)
- 28 Yodeler's perch
- 30 Brit. ledon
- 31 Positive reply to an invitation
- 32 Ed's request
- 34 To boot
- 35 Cal. ridge highway posting?
- 36 Poppy
- 41 Chest, in a way
- 42 Saffers rarity
- 43 Stella D' — (cookie name)
- 46 Tie-toe toe win
- 47 Cool treat
- 49 "Peanuts," e.g.
- 51 Ene lighthouse locale?
- 54 Action tribesman
- 56 "Hurry up and"
- 57 When doubled, a Thor
- 58 Heyday title
- 59 Mystic palter?
- 60 In the thick of
- 61 Enrattle
- 62 Rest room sign
- 63 Construction wood
- 64 One on the go
- 65 Inscrutable
- 66 M.T. grads

**DOWN**

- 1 Ready-made
- 2 Unspelled number
- 3 Champagnes du this
- 4 Whole bunch
- 5 Shrank (from)
- 6 Group whose work is picking up
- 7 Horace's "Poetics"
- 8 Bench-press herbivores
- 9 Dress cut
- 10 Vicks VapoRub ingredient
- 11 Fluffy homes
- 12 Conspicuous org.
- 14 Photog's request
- 16 Water-ski's apparatus
- 20 None too brassy
- 23 Quick with the comebacks
- 24 Like W.C. Fields's voice
- 25 — Annie, of "Oldhamat"
- 29 Annie — Enoch Arden's wife
- 32 Busybody
- 33 Cleo's undoing
- 34 Harney locale
- 36 Sgt., for one
- 37 Expat
- 38 Leftist label
- 39 Abbr.
- 40 Without compensation
- 49 Woo
- 50 70's-80's despot
- 54 City on the Yangtze
- 55 Prefix with -gon
- 57 Fits of anger
- 58 Piano school assignments
- 59 Word with city or circle
- 62 The "E" in A.E.S.

**Solution to Puzzle of June 30**

ALP WEDGE ASAP  
ALLY AXIAL ABAC  
HOURGLASS FIGURE  
RESEARCH RYDER  
RUT BAIL  
CALAIS FALSETTO  
AWACS KATE REP  
WATCHONTERHINE  
ERE LEES EATON  
DERANGED ANGERS  
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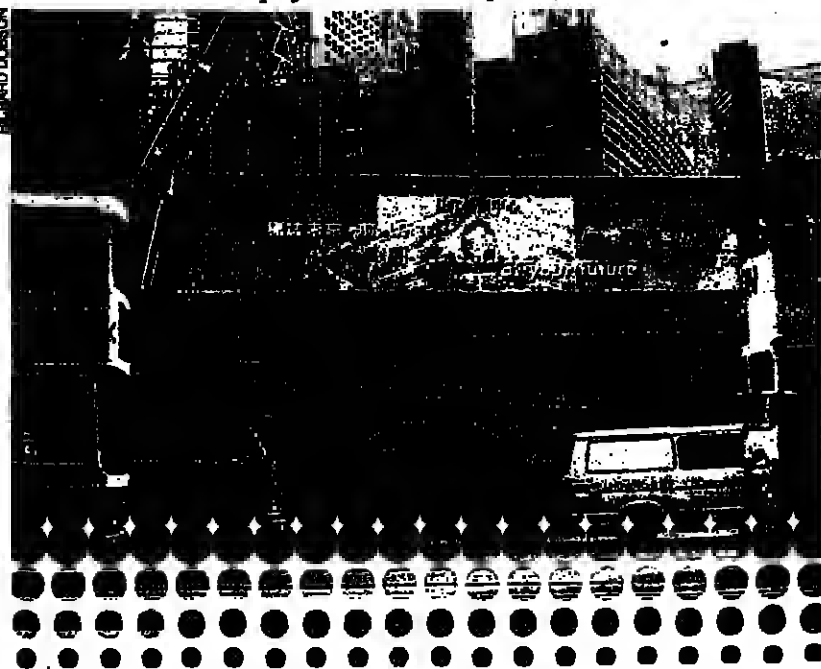
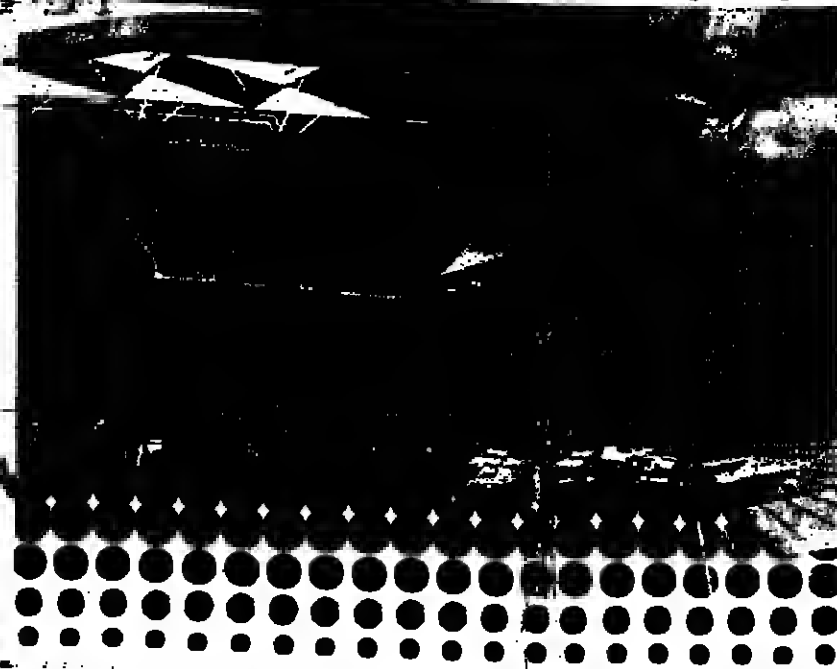
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## POSITIONED TO LEAD THE RECOVERY

Hong Kong's unique position in China and in Asia should ensure its resilience.

**H**ong Kong's transition from a colony of Britain to a special administrative region of China is history. As the first anniversary of the transfer of sovereignty is being celebrated, the Hong Kong economy has managed to avoid much of the financial turmoil that has hit many Asian economies during the past year. The Hong Kong dollar's peg to the U.S. dollar has held firm, and Hong Kong's banking system remains solid.

Its open economy has meant that Hong Kong has not been immune to economic weakness in Asia, but the downturn has been more orderly here than elsewhere and has not threatened its underlying structure. Hong Kong's role as Asia's major banking and trade

center and as China's trade entrepot have supported Hong Kong's stability relative to other economies in the region, where currencies have weakened and there have been sharp falls in economic performance.

Ian Perkins, chief economist at the Hong Kong Chamber of Commerce, stresses that once Asia begins to recover, Hong Kong will lead this recovery, relying on its strong banking regulation and open economy.

Elections for Hong Kong's legislative council have further reinforced Hong Kong's reputation. A record 53 percent of eligible voters turned out for the elections in May, despite stormy weather and predicted low turnout. The Democratic Party, led by Martin Lee, was the big winner, claiming nine of the 20 geographical seats. Former Hong

Kong Governor Chris Patten was enthusiastic about the election results and praised the Democrats' victory as good for Hong Kong. "The size of the turnout and the size of their support — over 60 percent for the candidates who espoused pretty unqualified democratic values — I think that will mean that a lot of people will look at them as the most legitimate advocates of Hong Kong's interests," he said.

### Buffeting winds

Despite these successes, the Asian financial and currency crisis has not completely bypassed Hong Kong. In the first quarter of 1998, its economy contracted by 2 percent on an annualized basis, according to government statistics. Weaker fixed and portfolio investments and lower private con-

# Reinventing Hong Kong

sumption appear to have led the fall, although the government has not offered a breakdown of the figures. Private consumption was driven lower by weaker tourist arrivals and uncer-

tainty over the economy. Asian tourists have stayed away from Hong Kong because their currencies are weaker compared with the Hong Kong dollar, while European and North American tourist arrivals dipped after 1997's handover festivities.

Property prices have fallen since the beginning of the year, partly due to the government's pledge to increase the supply of new homes to 85,000 a year. Higher interest rates and tighter bank lending have compounded the effects. In late May, the special administrative

region's chief executive, Tung Chee-hwa, eased restrictions on mortgage lending and removed antispeculative measures. Within days, Hong Kong's property agents were flooded with potential buyers, reminiscent of the crowds that jostled for position during Hong Kong's long property boom.

continued on page III

## CHEK LAP KOK OPENS ITS DOORS

This \$20 billion project gives the city a new airport as well as complementary road and rail links.

**T**ravelers will never have encountered a building quite like it. When the first visitors walk into the new Hong Kong international airport terminal at Chek Lap Kok, they will be overwhelmed by the soaring all-glass structure with its sweeping mountain and ocean views. The terminal building was designed by Sir Norman Foster, whose architectural credits in the city already include the strikingly futuristic Hongkong and Shanghai Bank headquarters.

Sir Norman has outdone himself with the airport building, as did the army of workers and specialists who made it all possible. Before work began at all, engineers had to blow up the original island of Chek Lap Kok and a neighboring outcrop, using the blasted rock to fill in the ocean. Once the airport platform began to take shape, the terminal building, fuel storage depots and office blocks could be built.

The out-of-the-way site, off the northern tip of outlying Lantau Island, was selected because it was one of the few places in Hong Kong where airport

construction and operation would not be inhibited by skyscrapers or high mountains. From initial design to opening day on July 6 took less than seven years, a magnificent feat of engineering on the same scale as the Channel Tunnel linking France with England.

### Massive capacity

It will make a huge difference in the way Hong Kong does business into the next century, starting with the

continued on page IV

### "REINVENTING HONG KONG"

was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by the Hong Kong Tourist Association and the display advertisers.  
WRITERS: Angelica Cheung, Mark Graham, Steven Knapp and Christopher Kuffel in Hong Kong.  
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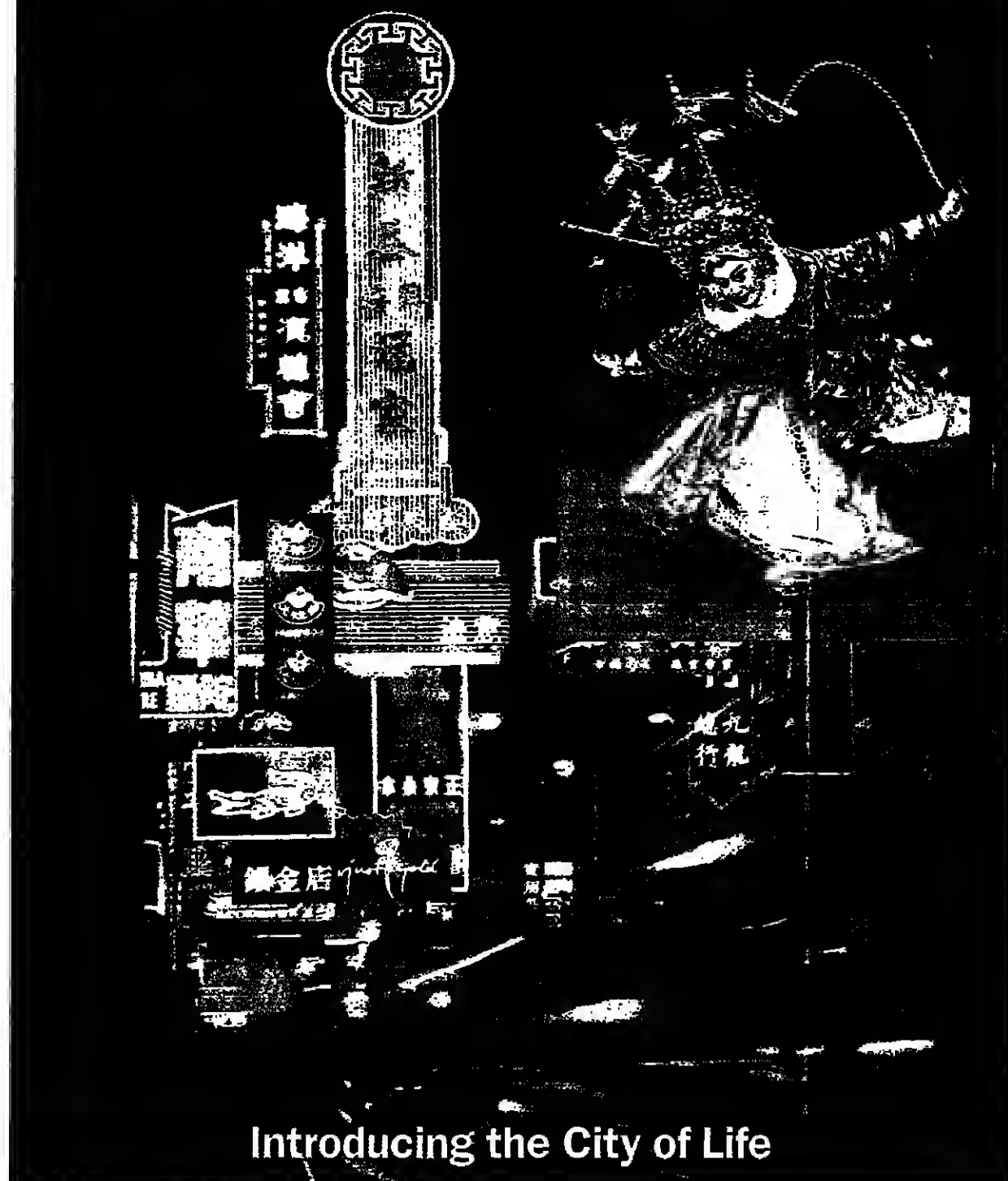


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Introducing the City of Life

## Hong Kong

Few fail to be bowled over by its fast pace; most are dazzled by its bold and extravagant architecture; all are awed by its vivid cultural contrasts and confidently cosmopolitan spirit.

Hong Kong, a small, compact city compared with many others in China, has an influence and importance out of proportion to its size. Cantonese food is one of the world's most popular Asian cuisines, found on Main Streets from Glasgow to Galveston; Hong Kong stars and directors are Hollywood's flavor of the year, with Jackie Chan, John Woo and Chow Yun-fat riveting audiences worldwide.

Hong Kong itself takes the international attention in its fast-paced stride, as it did last year when it was reunified with China. This is, after all, China's most cosmopolitan city, where the mix of old and new, East and West, has produced an environment that sizzles with excitement and is imbued with a can-do spirit. Geographically, it is blessed with a magnificent harbor; historically, it has embraced outside influences; economically, it is a success story created through hard work and resourcefulness.

The city's engineering showcase, the new Hong Kong International Airport at Chek Lap Kok, opening on July 6, is a shining example of the way Hong Kong works. The glass-roofed terminal — the world's largest — was designed by Sir Norman Foster and built in record time by a crack international team. It will be run by Hong Kong professionals and will be capable of handling 35 million passengers a year. Airport and hotel taxes have been reduced; no visa is required for U.S. visitors.

There are many more compelling reasons to pay a visit this year. The city's world-renowned hotels are offering great deals, airlines are pitching in with special fares and new tours cover every nook and cranny of fascinating Hong Kong. Amusement begins the moment passengers step off the airplane, into the world's newest and largest terminal. Visitors will marvel at the cavernous building before making their way to the new Airport Express rail service, stepping aboard whisper-quiet trains that hurtle downtown in a mere 23 minutes.

That's just a foretaste of what's to come: no streets on earth have the zing and zip of Hong Kong at full commercial tilt. The crowded downtown sidewalks, full of busy, deal-making pedestrians, are flanked by soaring skyscrapers, notably the triangular Bank of China building, the sleek Central Plaza and the futuristic HongKong and Shanghai Bank headquarters.

Other buildings — in particular Pacific Place and Times Square — have set new shopping-mall standards, their wide and airy walkways tailored for a genteel amble around the designer-label stores. This extends to the airport, where the brand-new Sky Mall offers over 100 shops for travelers.

While Hong Kong imports the swankiest labels from Europe and the United States, displayed in suitably tiny stores, it has retained the back-alley bargain areas of Granville Road, The Lanes, Temple Street and Stanley Market, where haggling noisily and wandering aimlessly are as important as the final purchase. Somewhere in between the two extremes is Shanghai Tang, a store

specializing in its own singular and quirky retro style.

Hong Kong itself is something of a one-stop shop for Chinese culture, where traditional beliefs and customs coexist with the cutting edge. In Central District, the venerable, plodding Star Ferry lies a short stroll away from the speedy subway system, while the trendy party zone of Lan Kwai Fong is located down the hill from Hollywood Road, a wonderfully eclectic mixture of antique shops and incense-filled temples.

A few strides farther along comes SoHo, short for South of Hollywood Road, where bistros, cafés, bars and restaurants have sprung up in the past few years, along the path of the world's longest elevator, which speedily transports people from downtown to residential areas.

Among the Indian, French, Spanish and — of course — Chinese restaurants is The Bayou, run by Lori Granito, a New Orleans native who moved to Hong Kong with her husband. Ms. Granito figured locals and tourists would be partial to

nearest road, where taxis and buses take weary walkers back to Sai Kung.

Waterfront restaurants in the village serve delicious Cantonese cuisine, specializing in seafood, which is generally flopping about fresh only moments before being transferred to the steamer, wok or pan. Part of the fun is ambling along the waterfront to personally select clams, shrimp, squid, crab and fish from open-display tanks. Add an order of *choi sum*, a couple of cold beers and a pot of Chinese tea, and the result is incomparably fine dining — at an eminently affordable price.

Another Cantonese specialty is dim sum, generally offered from early morning to lunchtime. It is usually a loud and raucous affair, with food wheeled out on trolleys and orders bellowed — ideal for visitors, who can point and nod at dishes that look tasty or smell good. Restaurants serving Chinese regional cuisines from Shanghai, Beijing, Sichuan and Chiu Chow are scattered liberally around Hong Kong.

People here take their food seriously, discussing the choice of restaurant with the intensity of a marriage proposal. The debate can go on for hours: Thai or Moroccan? Swiss or Texan? French or Singaporean? Italian or Nepalese? A steak in the Mandarin Oriental or fishball noodles in a Wan Chai side street?

Nowhere in Hong Kong is far from a restaurant or bar — good news for anyone planning a tour of its cultural heritage. Central district has fine examples of colonial architecture, including the magnificent Government House, now used as a greeting and dining venue for visiting dignitaries, and Flagstaff House, which has been turned into a tea museum.

Now is a good time to visit, as most airlines and hotels are offering discounts. There are many new things to experience, although the most rewarding activity in Hong Kong may be to wander at will — on streets that are safe day and night — taking in its contemporary energy, reflecting on its historical past and observing the extraordinarily energetic people who make the city tick.

Britain bequeathed some odd traditions such as the Noon Day gun, fired opposite the Excelsior Hotel every day, and the indelible habit of wearing pinstriped business suits in the sweltering heat of summer. Horse racing, too, is a British legacy that endures and thrives in contemporary Hong Kong, an industry with an \$11 billion annual turnover.

Most significantly of all, the British introduced the English language, enabling most Hong Kong people to communicate easily with the outside world. For the visitor who wants to know more about Cantonese opera, Taoism, dragon-boat racing, feng shui or shopping bargains, a fluent English-speaking local is usually never far away.

For those who want to immerse themselves further in Chinese culture, experts are on hand to introduce visitors to the ancient art of tai chi and the intricacies of feng shui. In Hong Kong, ancient and modern are mixed and matched daily. The ubiquitous goldfish tanks located strategically in the gleaming lobbies of modern hotels or offices are unlikely to be there merely for decoration — the feng shui master will have declared this the most propitious spot to balance the elements of water, earth and wind.

M.G.

## STILL AN EASY PLACE TO DO BUSINESS

*Hong Kong is one of the best places in Asia to do business, say expatriates.*

While there were fears last summer that Hong Kong's return to Chinese administration would lead to an expatriate exodus, in fact the opposite has occurred; there are now more British nationals living in Hong Kong than when the special administrative region was ruled by London: 28,000, compared with last year's 22,000.

With 1,200 American companies operating in Hong Kong, the United States has a major stake in the city's continued economic success. Frank Martin, the president of the American Chamber of Commerce in Hong Kong, says: "Based on surveys we've made, 96 percent of our membership has maintained a very high degree of confidence in Hong Kong — the main factor being the established legal system here, based on British common law, and the independent judicial system. These have contributed to Hong Kong's success in the past, and they've remain unchanged."

Mr. Martin, who has lived in Hong Kong for 22 years and been the chamber's president for seven, adds: "A second factor, also based on surveys, is that the unrestricted flow of information that was available before the handover continues today. A year

ago, there was great concern about the possibility of censorship, but this hasn't been the case at all."

Hong Kong is probably one of the easiest places in the world to set up a new company, beginning with the sheer ease of entry; six-month visas are normally immediately granted to intended residents with proof of employment. The city also boasts scores of international consulates where third-country visa applications can be processed in a single day. Visas for the rest of China can be obtained within four hours.

Once there, registering a new company is easy; there's no red tape, and everything can be completed in a matter of days. Except for public limited companies, government controls on businesses are minimal. Hong Kong boasts one of the world's lowest corporate tax rates (16.5 percent), while the standard personal salary tax is 15 percent. The city is home to virtually all the world's major banks,

and electronic facilities for moving money are among the most modern in the world.

Jonathan Wall, editor of the Hong Kong-based publication *Business Traveller Asia-Pacific*, says: "Although the current slowdown has affected local res-

their lowest level in years. The new airport at Chek Lap Kok is arguably the most modern international gateway in the world and firmly establishes Hong Kong as the leading aviation hub in East Asia."

The slowdown has also been good news for incoming multinationals seeking top-level staff. Scott Gemmell, managing director of the Hong Kong-based executive search firm Asia-Net, says: "The recent Asian-wide slowdown has created a never-before seen Hong Kong condition — unemployed senior executives. This is excellent news for companies doing



Commercial rents have dropped markedly in the past year.

idents, it's actually made the city a more attractive place for incoming businesspeople. Hotel costs have tumbled, and airfares in and out of the SAR are at

business in this city, as the executive labor supply is at an all-time high, but it's also more affordable now than ever before."

Steven Kuipp

## A CONVENTION CENTER WITH A VIEW

*It looms confidently over the harbor skyline, a sweepingly elegant symbol of Hong Kong's creativity, energy and sheer speed.*

Built in an astonishingly quick three years, the Hong Kong Convention and Exhibition Center Extension made its debut on the world stage last year — at the handover ceremonies between Britain and China — then immediately knuckled down to the business of consolidating its position as Asia's top venue for conferences and conventions.

Few convention centers — indeed, few buildings anywhere — are located in such a superbly scenic position. The \$615 million center is in Wan Chai, close to the commercial hub of Hong

Kong and a short cab or ferry ride away from the city's major shops, tourist attractions and restaurants.

Inside, the total convention and exhibition area totals 63,500 square meters, more than enough to accommodate mega-meetings such as the Lions Club International Convention of 2005, which is predicted to generate around \$130 million in tourist revenues.

Already, the center has been host to a World Bank/International Monetary Fund meeting, and it has a full calendar for this year, including Asia's first major wine and spirits exhibition, a film

fair, a marine exhibition, a book fair and a baby-products exhibition.

In addition, regular Hong Kong Trade Development Council exhibitions, which include cutting-edge displays of jewelry, watches and clocks, electronics and fashion, pull in a million visitors annually from around the world.

The glass-walled center is proving popular not only with trade-oriented visitors but also with tourists and locals, who can dine at the seven restaurants located there.

Mark Graham



The birth of Gabana Raphael Sauti

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Tel: (852) 2502 8888 Fax: (852) 2502 8833

إعلان



The openness and flexibility of Hong Kong's economy are reflected in the city's seaming activity.



## BANKS REST ON FIRM FOUNDATIONS

Hong Kong banks enjoy a reputation as the best regulated and strongest in the region.

Hong Kong's banking system remains strong and profitable, according to David Carse, deputy chief executive of the Hong Kong Monetary Authority (HKMA). "It is important to keep in mind that Hong Kong banks are still making money so far this year despite more difficult operating conditions," Mr. Carse told a meeting of international bankers a year after the Asian financial crisis first flared in Thailand.

Hong Kong's banking system is the world's fifth-largest in terms of the volume of external banking transactions. About 500 banks and deposit-taking companies from 48 countries have operations in Hong Kong. These include 82 of the world's 100 largest banks. The banking system is supported by the world's fifth-largest foreign exchange market and the largest equity market in Asia outside Japan.

### Adequate capital

The health of Hong Kong's banks is evident in their capital adequacy ratios. The Bank of International Settlements, the central banker of central banks, has set an 8 percent capital adequacy ratio benchmark. Hong Kong banks average more than double this ratio, with 17.5 percent. Hang Seng Bank, the special administrative region's largest listed bank, had a capital adequacy ratio of 24.4 percent at the end of May.

The HKMA has proposed raising the minimum capital adequacy level from its current 8 percent to a level of 10 percent to 12 percent. None of Hong Kong's listed banks will be affected by this move, since their ratios are already much higher. The move is intended to pave the way toward consolidation of banks in the future and will draw the attention of international investors to the strength of Hong Kong's banks, according to analysts.

### Standing up to the test

At least one Hong Kong bank was tested by the plummeting confidence battering banking systems in other Asian countries this year. In October, customers lined up to withdraw their deposits from the International Bank of

Asia in Hong Kong after rumors about the bank circulated. It conducted business as usual, and the stream of anxious customers tailed off the next day. While the rumors turned out not to be correct and the bank had the liquidity to handle the sudden rush of withdrawals, the run prompted the HKMA to begin inspecting banks daily to ensure that they were prepared to react to financial jitters.

Prudent lending policies and historically low loan default rates have insulated Hong Kong from banking turmoil in Asia. Overdue loans rose in the first quarter of 1998. Even after the increase, the total amount of overdue loans was less than 2 percent of banks' total loans. This is moderate by international standards, and very low by regional standards.

### Low rate of nonperforming loans

Residential property loans are an important indicator of bank strength and often signal underlying problems in the economy. Hong Kong banks' mortgage portfolios included only 0.3 percent of nonperforming loans at the end of March. Historically, homeowners in Hong Kong have defaulted on mortgages at very low rates, preferring to borrow money from family or personal sources rather than run the risk of losing residential property. Consensus suggests that this trend will remain dominant in the residential property market.

While Hong Kong banks are strong and well-managed, the Hong Kong economy remains open to regional turmoil in Asia. A slumping economy may weaken bank profitability, but, according to Mr. Carse, it will not affect the underlying fundamentals of Hong Kong banks severely.

"Tell me what's going to happen elsewhere, and I'll tell you what will happen in Hong Kong," says Ian Perkins, chief economist at the Hong Kong General Chamber of Commerce. "It's an open economy, and it is affected very much by what happens outside."

This flexibility and openness mean that the special administrative region will feel the pain of a regional downturn first, but also that the economy will be among the first to recover.

## RED CHIPS BIDE TIME

What goes down must come up — in the view of some market specialists.

During the stock market frenzy a year ago, red chips — mainland Chinese companies registered and listed in Hong Kong — were sure-wins. Clerks quit their jobs, university students skipped lessons, housewives neglected cooking dinner, all to become stock market investors.

No more. Since the red chip index's record high of 4,111 last year, based on expectations of further economic reforms by the Chinese government, it has been nosediving, reaching the year's low of 964.5 in January amid fears that regional currency devaluations would affect the mainland's economy.

Despite negative market sentiment, however, some analysts say that red chips have been oversold. If the Chinese economy proves to be in better shape than the most pessimistic predictions portend, the market may soon see investors returning to the red chip shares, especially the well-established and powerful ones.

"Red chip prices have been pushed down by persistent selling, and I think most of the selling has been done," says Howard Gorges of South China Brokerage. "If it turns out that the renminbi does not need to be devalued, we will see the market picking up in the second half of the year."

### Cash assets

If this happens, the companies with powerful mainland backup and rich cash reserves will be the first to make a comeback. Some red chips have enough cash to prevent them from having to resort to the bearish market to raise money.

A recent report by UBS Securities

said that red chip companies had \$2 billion in cash, of which more than half could be used to buy assets. Some companies, such as China Food Holdings, Beijing Enterprises, Ng Fung Hong and China Travel, are in net cash positions.

Hong Kong investors, having experienced the stock market plunge brought about partly by the Southeast Asian financial crisis, are looking at fundamentals and the earning ability of companies instead of only the prospect of asset injections from a mainland parent, as before.

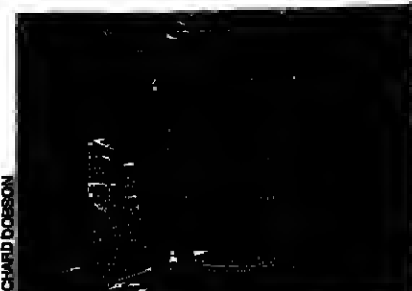
Asset injection, however, is still a quick and effective way to increase red chips' earning capability. The companies have realized that in order to stir market interest, the injections have to be priced more realistically.

Recently, China Telecom (Hong Kong) announced the purchase of its parent's mobile phone assets in the eastern province of Jiangsu for \$2.9 billion, a record for a red chip asset injection. Jiangsu is the third-largest mobile phone market in China, with a compounded 95 percent annual growth rate in subscribers over the past three years.

The purchase will strengthen the company's dominant market position, but it will not be the last asset injection, as its stated strategy promises to buy more cellular assets from its parent China Telecom. Observers say the company is considering other provinces and cities in the booming coastal region.

China Resources Enterprise, with a policy of buying profitable assets that immediately boost earnings, also promises to make an asset injection

## Reinventing Hong Kong



Investors are calling for solid basics.

this year. Shanghai Industrial Holdings, the Hong Kong-listed flagship of the Shanghai municipal government, recorded a 181.7 percent increase in net profit last year, mainly due to newly acquired assets. So far, it has bought six assets worth more than \$1 billion in two acquisitions, with more expected to follow.

### Redeployment

Red chip companies are adjusting business strategies. Because of the property market plunge in Hong Kong, CRE plans to diversify and reduce property income to under 30 percent of total profit in a few years, down from last year's 48 percent.

Some other companies, such as China Overseas, are also trying to diversify.

Chinese government statistics show that the mainland's gross domestic product growth in the first quarter was 7.2 percent, while exports grew by 13 percent in the first four months — quite a good performance compared with the economic downturn in the region.

Angelica Cheung

## POSITIONED TO LEAD THE RECOVERY

continued from page 1

Much of the credit for Hong Kong's stability is due to its currency, which is the last Asian currency pegged to the U.S. dollar. The Hong Kong dollar has hovered near its rate of 7.78 to the U.S. dollar, compared with major fluctuations elsewhere in the region. The Hong Kong government holds the world's fourth-

largest foreign currency reserves, which can be used to defend the currency. China has also repeated assurances that it will defend the peg with its massive foreign exchange reserves.

While arguments continue about the effectiveness of the Hong Kong dollar's peg to the U.S. dollar, the Hong Kong Monetary Authority (HKMA) has successfully defended the peg several

times since currency turmoil hit Asia a year ago. In October 1997, when the currency came under attack, the HKMA allowed overnight bank rates to rise to 280 percent briefly. Rates subsided and then spiked again in January 1998. Since these spikes, three-month interest rates have fallen to around 8 percent.

The peg relies on higher interest rates with occasional

sharp spikes to maintain foreign exchange stability. Unfortunately, higher interest rates have resulted in depreciation of asset prices in the special administrative region.

Still, Hong Kong's strong banks, open economy and continued role as trade entrepot between China and the rest of the world should allow it to bounce back.

Christopher Kuffel

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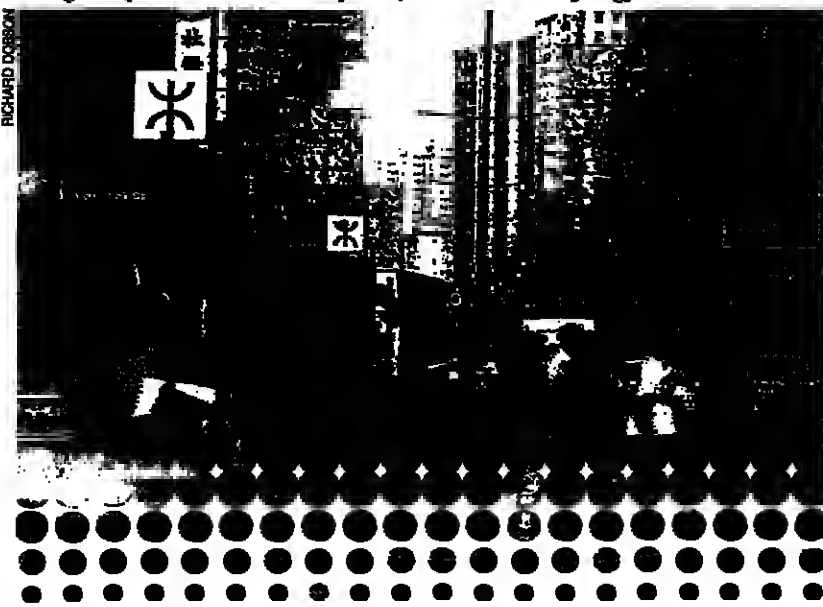
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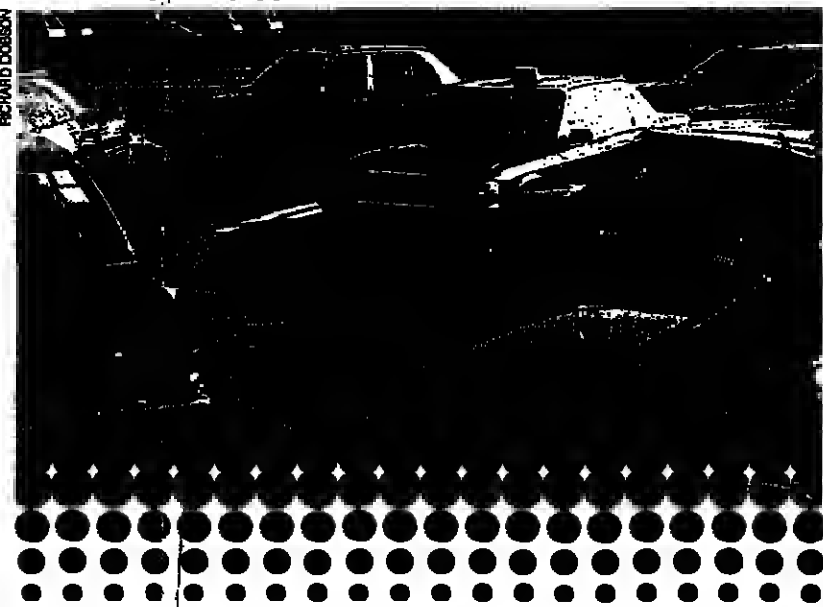
## SPONSORED SECTION

## SPONSORED SECTION

Hong Kong is about movement: from the hustle-bustle of Argyle Street...



...to the close proximity of parks and beaches, only an hour away by car...



...to the spectacular views of the city during a ferry ride across the harbor.



## TOURISM INDUSTRY RALLIES TO THE CHALLENGE

Airfares and hotel rates are down, so now's the time to visit.

After the international hoopla of Hong Kong's return to China last year, people expected things to become a little less frantic. But nobody—airlines, hoteliers or analysts—budgeted for the series of seismic economic shocks that have rocked Asia.

Hong Kong was initially left with only superficial cuts from the financial bruising most of Asia took, but as time went by, it became clear that the whole region would suffer longer-term shock. The city's tourist industry, utilizing the

savvy and speed Hong Kong is famous for, has begun to weigh in with a series of promotional counterpunches. The biggest campaign this year will be to push the theme of Hong Kong—City of Life, an assessment no visitor would dispute after witnessing its teeming streets, vibrant culture and hard-working people.

In the promotional forefront will be the locally based airline Cathay Pacific, which metamorphosed into an international airline at about the same time Hong Kong began to adopt the attitudes of a fully cosmopolitan city. Where it once flew mostly regional routes, Cathay now has aircraft arriving in Hong Kong from virtually every corner

of the globe, including New York, Los Angeles, Toronto, Paris, London, Frankfurt, Sydney and Auckland.

"Hong Kong is a mixture of plenty to see, plenty to do and plenty to buy," says Jemma Moore, airline corporate communications manager. "We are offering special fares and special hotel deals."

become the New World Hotel—they will offer the same thoroughly modern and spacious accommodations as ever to travelers.

The city's retailers are also working in Hong Kong, already filled with a superb range of modern shopping malls, will gain another 140 stores and restaurants when the new airport at Chek Lap Kok opens in July.

pipeline. Hong Kong is the New York City of Asia—there are lots of things to do. Hong Kong has also become much more competitive—luxury goods are the cheapest in Asia, and hotel and airline rates are down. It is the best value it has ever been.

Tourism officials are also promoting lesser-visited areas such as the outer islands—reached by a cheap and scenic harbor ferry ride—and the country parks, located only an hour away from downtown.

## Classic attractions

But for most tourists, especially first-timers, it is the spectacle of Hong Kong and Kowloon that they have often flown halfway around the world to see. A ride across the harbor on the Star Ferry, still priced at two American dimes, is the cheapest and quickest way of putting the city into perspective. On the immediate waterfront is the complex gray shape of the Hongkong and Shanghai Bank and the triangular thrust of the Bank of China; above and beyond is The Peak, with its all-embracing views.

The Peak is reached by a thrilling, near-vertical tram ride up the mountain. The mountain itself can be circumnavigated in less than an hour—a gentle stroll with magnificent views—before exploring the wide shopping and dining options available close to the tram terminal.

A favorite with locals and tourists alike is Cafe Deco, a cavernous two-tier restaurant that serves dishes ranging from Indian curries to German cheese-cake, with a musical background of American jazz. The diversity it dishes up is a distillation of Hong Kong itself. M.G.

## SHIPPING FORECAST TO INCREASE

New projects are aimed at maintaining Hong Kong's role as Asia's busiest port.

Well past midnight in late spring, the Hanjin Seattle rides easily at anchor in Hong Kong harbor's East Lamma channel. Along either side, the long booms of seagoing barges pick at its cargo in the glare of floodlights. By morning, the containers will be unloaded, and the ship will begin taking on new cargo before venturing back out to sea.

Scenes like this were repeated more than 43,000 times in the waters around Hong Kong during 1997. This was a 5 percent increase over the number of ships arriving in 1996. Altogether, the port handled more than 14.5 million twenty-foot equivalent units (TEUs), an 8 percent increase over 1996. This meant that Hong Kong remained the world's busiest container port in 1997, edging out Singapore, which handled 14.12 million TEUs in 1997.

While it appears secure in the longer term, the growth of shipping in the special administrative region (SAR) has weakened in the past year because of the financial and currency turmoil buffeting Asian economies. Intra-Asian trade growth slipped from a high of nearly 25 percent growth in 1994 to about 5 percent growth in 1997. Hong Kong's total trade with the rest of Asia grew steadily, at about 15 percent each year, during most of the 1990s. In 1997, its total trade growth slipped to less than 5 percent, according to government statistics. In the fourth quarter of 1997, seaborne imports and transshipments increased at a 4 percent rate over the same quarter the previous year.

## Strong trade role

Despite weaker growth caused by a slump in intra-Asian trade, the Hong Kong Port Development Board (PDB) forecasts that throughput will grow an average of 5.8 percent during each of the next 10 years. This will be driven by the strength of Hong Kong's trade role. Chris Langford, the outgoing chief executive of the Shekou container terminal port, stresses that Hong Kong's frequency of sailings and shipping line connections as well as its high textile quotas make the SAR more attractive to shippers than ports in China.

In a show of confidence in the port, Hutchison Whampoa spent more than \$130 million in May to increase its stake in

Hong Kong International Terminals (HIT) by 3 percent. It now holds 88 percent of HIT, the world's largest privately owned container port facility. Hutchison's chairman, Li Ka-shing, says his group intends to continue increasing its share in the company.

Continued longer-term growth of China trade will drive developments in Hong Kong shipping. Hong Kong's trade now consists largely of re-exports. These are dominated by re-exports to and from the rest of China. In 1997, re-exports comprised more than 85 percent of Hong Kong's trade. In addition, the Beijing government prohibits direct trade with Taiwan, so much of the trade between the two is conducted through Hong Kong.

## New facilities

By 2006, Hong Kong should handle 24 million TEUs each year, according to the PDB. To meet this projected demand, the Hong Kong government is building new container and river trade facilities and rationalizing its existing system of facilities.

Container terminal 9 (CT9) will begin operating in the early part of the next decade. CT9 will have a designed capacity of 2.9 million TEUs each year. Shortly after CT9 begins handling freight, CT10 through CT13 will begin moving toward completion.

Besides its role as an international shipping port, Hong Kong also handles goods shipped down the Pearl River from Guangdong province. The government plans to complete a new river trade terminal on Stonecutters Island this year to handle the increase in river trade. The facility is planned as a central feature in its efforts to reduce the numbers of containers traveling between China and Hong Kong along the SAR's roads. This will intensify river transportation within the Pearl River delta while reducing congestion on roads.

The government is also pushing for a 1998 completion of its new permanent midstream facility. Now, much of the cargo transhipped through Hong Kong is transferred from feeder vessels to oceangoing vessels in the seas surrounding the SAR. The new midstream facility on Stonecutters Island will increase capacity and speed turnaround times. C.K.

## CHEK LAP KOK OPENS ITS DOORS

continued from page 1

means to handle 35 million passengers annually, and an ultimate capacity of almost 90 million. Over the past decade, the old Kai Tak Airport, with no room for further expansion, has been struggling to cope with the increasing amount of traffic.

Planners decided to build a new airport from scratch, which meant putting in a whole new road and rail infrastructure to take passengers the 20 miles from outlying Chek Lap Kok to downtown Hong Kong. That, too, is an engineering marvel, which includes the Tsing Ma Bridge, the world's longest road and rail bridge.

The airport railroad, one of the world's fastest and quietest urban systems, will take passengers to the business district of Central in just 23 minutes. For the return journey, the Mass Transit Railway will provide city check-ins, giving passengers more time to spend on last-minute business deals.

Chek Lap Kok will allow more flexible scheduling for international airlines as well as opening up new routes and slots in the currently full Hong Kong daily flight schedule.

Unlike Kai Tak, which had a mid-night-to-dawn curfew, Chek Lap Kok will operate around the clock.

"If you look at Hong Kong as a mega-city, it is like having a new and

impressive lobby," says Roy Tan Hardy, Bass Hotels' regional vice president for marketing, sales and reservations. "It will be a lot easier for business travelers to schedule connections. Before, Hong Kong was not the best place to transit, but now it will be very pleasant. There's a great sense of anticipation and awe—it's one of the great infrastructure projects of the world. People don't realize the magnitude of it."

## Plugged in

Business travelers are especially well catered to at Chek Lap Kok, the first major international city airport completed in the age of the global office, where many business deals are negotiated via cyberspace. All lounges will be equipped with plentiful plug outlets and phone jacks for on-the-go business travelers. The Hong Kong-based airline Cathay Pacific, which is also the biggest carrier at the airport, will have a dedicated lounge facility offering splendid views of the runway.

Travelers can fill time by browsing around the 140 shops and restaurants, which will include Harrods, Waterstones, an Irish-style pub, a caviar bar and food courts serving Thai, Indian, German and Chinese dishes.

A short stroll from the main building is the Regal Airport Hotel, scheduled to open later this year, with its own shops,

restaurants and lounges. A business-traveler lounge allows waiting passengers to check in or use the hotel's pool, health club and beauty salon.

The terminal was designed to ensure that the journey from aircraft to curbside is smooth and clear, instead of routing baggage-toting passengers up and down escalators or around corners.

Almost every section of the terminal building—designed in the shape of a jet—offers a long-range view toward distant gates and the vista beyond.

Chek Lap Kok claims to be the only airport where every gate is capable of handling a 747 jumbo jet. A few figures show the grand scale of the project: It took 13 million man-days to build the terminal; at peak there were more than 20,000 workers on site; American-made giant trucks had tires costing \$40,000 each.

The fast-track work has left Hong Kong with a showcase facility that, at last, matches its status as the world's seventh-largest trading economy. As mainland China continues to grow rapidly, the gateway airport may well reach its capacity sooner than expected.

"The airport will definitely have an impact on Hong Kong, with more airlines coming to Hong Kong bringing more business," says Jim Eckes of IndoSwiss Aviation. "It will be much more efficient." A.C.

## CHECK THE WEB

• <http://www.info.gov.hk/hkma/>  
The Hong Kong Monetary Authority's Web site contains information about Hong Kong's economic and banking systems and economic statistics.

• <http://www.scmp.com/>  
The South China Morning Post is Hong Kong's main English-language daily newspaper. Look for market highlights as well as features on business and finance.

• <http://www.asiawind.com/pnb/hkstr/>  
Hong Kong Stocks report is a subscription service with real-time quotes, information on stock exchange members and a database of numbers. C.K.

• <http://www.sehk.com.hk/>  
The Stock Exchange of Hong Kong Web site offers information on the equity market, including statistics, rules and background information.

• <http://www.hkfe.com/>  
The Hong Kong Futures Exchange site includes information about derivative instruments in Hong Kong, including rules, descriptions and statistical information.

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## High Rollers Not Folding In Asia Crisis

Casino in Malaysia Keeps Drawing Them In

By Thomas Fuller  
International Herald Tribune

**GENTING HIGHLANDS, Malaysia** — In Kuala Lumpur, down the steep and winding road, there is talk of a regional economic crisis, but someone better tell that to the thousands of cash-carrying, camera-toting visitors to this misty mountain.

At one of Southeast Asia's largest casino resorts, 6,000 feet (1,820 meters) above the scorching sea-level heat of peninsular Malaysia, the casino floor hums with gamblers from the region.

Mainland Chinese tour groups led by men holding red flags plow through crowds of Southeast Asians playing the slot machines or sliding chips across velvet-covered tables.

"Most of our high rollers are from Thailand and Indonesia," said Mona Kho, a public relations manager at the hotel and casino.

Indonesian high rollers? Big-spending Thais?

Even with their economies flattened and currencies at historic lows, Thais and Indonesians continue to flock to the Genting Highlands Resort. They make up the third and fourth largest groups of foreign visitors, after Singaporeans and mainland Chinese.

Tourist destinations across Southeast Asia have been badly hit by the region's 11 months of economic turmoil.

Beaches in Bali are as empty as many of Bangkok's five-star hotels. But visitors to the Genting Highlands, the only casino hotel within thousands of kilometers, grew by 14 percent last year.

Clearly when recession is in the cards, gamblers put their money on the table.

Not so at casinos elsewhere in the region. On the fringes of the economic crisis, in Australia and Macau, gaming operations have done poorly.

Analysts say Genting's strength is Malaysia's weakness: A devalued ringgit not only keeps Malaysians at home for their vacations but also lures visitors from places like mainland China who find the country relatively cheap.

Ninety percent of Genting's 3,800 rooms were full last month, higher than average occupancy for the resort.

Ultimately, however, the company's future hinges on one precious docu-



Players checking their cards at a casino in Malaysia, where exchange rates are favorable to visitors with cash.

ment: its gaming license, issued by the government in the late 1960s.

It is a potentially charged issue in a country that has undergone an Islamic revival and where 60 percent of the population is Muslim.

Through the years, the company

has been secure in the knowledge that its chairman, Lim Goh Tong, was in good stead with Malaysia's leaders.

Mr. Lim, 80, who presides over a corporate empire that ranges from resorts to palm oil plantations, power plants and cruise ships, has cultivated

close relationships with the powers-that-be. It was his friendship with the country's first prime minister, Tunku Abdul Rahman, that helped clinch the gambling license for the casino. He is also known to be close to the current prime minister, Mahathir bin Mohamad.

## Rubin Touts Optimism and Safety Nets in Thailand

By Mark Landler  
New York Times Service

**SEOUL** — The U.S. Treasury secretary, Robert Rubin, expressed optimism Tuesday that the political leaders of Thailand would be able to marshal public support for the difficult work of reforming their economy.

Mr. Rubin arrived in Seoul late Tuesday — the final stop of his six-day, four-country tour — after a morning of meetings in Bangkok with Prime Minister Chuan Leekpai of Thailand, other senior officials and business executives.

"Speaking with the prime minister, I thought they felt they had the public support they needed to proceed on the path," said Mr. Rubin in a briefing on the flight to Seoul. He added that among Thailand's leaders, "there was a re-

cognition that a sufficient social safety net was important."

Mr. Rubin's visit to Thailand was nearly on the first anniversary of the baht's devaluation last July 2. On that day, the government decided to let the baht float freely on the currency markets, a decision that rippled across Southeast Asia and triggered the region-wide currency turmoil.

Mr. Rubin has urged leaders to create adequate "safety nets" on each stop of his trip, which began in Beijing on Friday and ends here Wednesday. With Thailand and its neighbors facing a economic contraction of 5 percent to 10 percent this year, Mr. Rubin is worried that unless people are cushioned from the blow, the dislocation could easily erupt into social unrest.

Mr. Rubin did not visit Indonesia on

this trip, in part because its capital, Jakarta, was ablaze in riots and arson fires at the time the trip was being planned. But the turmoil there has shadowed Mr. Rubin's journey around the region, serving as a reminder that the Asian crisis is now less about daily fluctuations in the ringgit or the rupiah than about the price of basic staples, such as food and fuel.

"You've got to build a social safety net," said Mari Pangestu, executive director of the Center for Strategic and International Studies, a research institute in Jakarta. "This is not just an economic issue but a political issue."

Critics of the International Monetary

Fund say its rescue packages for the region have raised the risk of social unrest, with their emphasis on high interest rates, which have stabilized currencies but also choked off credit and brought commercial activity to a near standstill.

But Mr. Rubin rejected those criticisms, saying that "the IMF has not tried to be draconian." He said that the Fund had begun to show more flexibility in fiscal policy, as the economic pain in these countries worsened. In Thailand, for example, it has permitted the government to swing from a budget surplus to a deficit to free up money for new social programs.

## MEDIA MARKETS

### Newspaper Industry Regains Health

By Felicity Barringer  
New York Times Service

**NEW YORK** — The newspaper industry, the hypochondriac of the information age, is as healthy as it has been in a decade.

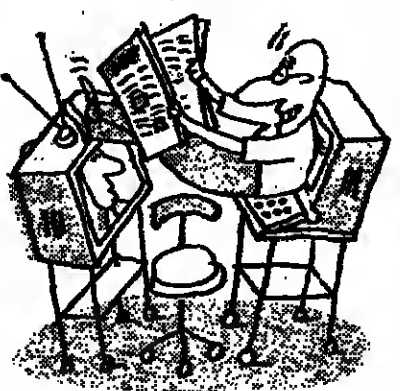
The migraine headaches brought on in the mid-1990s when the price of the industry's basic raw material, paper, jumped by 30 percent for two consecutive years, are but a memory.

High-margin classified advertising is surging, bringing with it a revenue rush that is energizing the entire industry.

Perhaps most important, the early returns indicate that 1998 will be the first year since 1986 that the industry's ever-more-anemic circulation figures will go up, not down.

And though readers have declining trust in the accuracy of newspaper articles, investors for most of the last 18 months have shown increasing faith in newspaper company stocks — at least until mid-April, when steady but remarkable earnings growth made some analysts nervous about the sustainability of industry profits.

So, as the publishers come to Wall Street this week to present analysts with their strategies for continuing growth at the annual Mid-Year Media Review, with the Gannett Co. as host,



they might be pardoned for the pleasures they take in the process.

"Newspapers always come back," said John Carroll, editor of The Sun of Baltimore, which is owned by Times Mirror. "And newspapers do make a lot of money."

Although it is hard to find a happy hypochondriac, the old nervousness is being replaced in city after city with a certain cockiness. Some newspaper partisans, long bruised, now think they can give as good as they get.

Do William Gates and Microsoft want to devour the classified advertising business, luring automobile ads into their on-line Carpoint service? Let them try. Last year, newspaper compa-

nies including Knight Ridder, Times Mirror, the Tribune Co. and Washington Post Co. pooled their resources to back the Web enterprise Classified Ventures LLC, based in Chicago.

Do direct marketers want to pull more supermarkets and drugstores into their orbit? Maybe newspapers, including The Arizona Republic, seek to go direct mail one better. The Republic, owned by Central Newspapers Inc., is preparing a series of experiments in delivering advertisements to subscribers' doorsteps just as direct marketers do.

Still, for all the brave talk, the news industry cannot avoid the sobering reminders of where it stands among news consumers. About 80 percent of those surveyed in April by the Pew Research Center for the People and the Press, a research organization based in Washington, said they regularly watched television news, down from 81 percent in 1996.

How many read newspapers? About 68 percent, down from 71 percent in 1996.

When newspaper readers were taken alone, there was a more telling gap. Younger readers in this generation have much less interest in newspapers than their counterparts in the 1960s.

In 1965, a Gallup poll indicated that,

See PAPER, Page 17

## CURRENCY & INTEREST RATES

July 1									
Cross Rates									
	\$	£	DM	¥	HK\$	NT\$	₹	₪	₹
Australia	1.25	0.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Canada	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
France	6.55	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Germany	1.93	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48
Italy	1.36	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Japan	110.00	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
South Africa	13.75	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Switzerland	1.48	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68
Taiwan	24.60	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
UK	0.75	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
US Dollar Values									
	Per \$	Per £	Per DM	Per ¥	Per HK\$	Per NT\$	Per ₹	Per ₪	Per ₹
Australia	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Canada	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
France	6.55	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Germany	1.93	0.48	0.48	0.48	0.48	0.48	0.48	0.48	0.48
Italy	1.36	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Japan	110.00	0.009	0.009	0.009	0.009	0.009	0.009	0.009	0.009
South Africa	13.75	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Switzerland	1.48	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68
Taiwan	24.60	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
UK	0.75	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Libor-Libor Rates									
	1-month	3-month	6-month	1-year	2-year	3-year	5-year	7-year	10-year
US Dollar	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
UK	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Germany	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
France	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Italy	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Japan	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
South Africa	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Switzerland	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Taiwan	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
UK	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Key Money Rates									
	US Dollar	UK	Germany	France	Italy	Japan	South Africa	Switzerland	Taiwan
1-month	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
3-month	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50
6-month	5.75	6.00	6.25	6.50	6.75	7.00	7.25	7.50	7.75
1-year	6.00	6.25	6.50	6.75	7.00	7.25	7.50	7.75	8.00
2-year	6.25	6.50	6.75	7.00	7.25	7.50	7.75	8.00	8.25
3-year	6.50	6.75	7.00	7.25	7.50	7.75	8.00	8.25	8.50
5-year	6.75	7.00	7.25	7.50	7.75	8.00	8.25	8.50	8.75
7-year	7.00	7.25	7.50	7.75	8.00	8.25	8.50	8.75	9.00
10-year	7.25	7.50	7.75	8.00	8.25	8.50	8.75	9.00	9.25
Forward Rates									
	30-day	60-day	90-day	180-day	360-day	540-day	720-day	900-day	1080-day
US Dollar	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
UK	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Germany	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
France	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Italy	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Japan	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
South Africa	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Switzerland	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
Taiwan	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25
UK	5.25	5.50	5.75	6.00	6.25	6.50	6.75	7.00	7.25

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## THE AMERICAS

## Oil-Producing Nations Ponder New Alliance

By Martha M. Hamilton  
*Washington Post Service*

Major oil-producing nations are considering establishment of a broader group than the Organization of Petroleum Exporting Countries as a means to curtail production and keep oil prices from falling, but the plan may be destined to fail, some oil industry watchers say.

The idea of an expanded group of producing nations to curb oil group up prices has been bubbling since March, when Mexico, not a member of OPEC, agreed with Saudi Arabia, Venezuela and other OPEC members to reduce oil production in order to boost prices.

This week the Saudi oil minister, Ahmed Zaki Yamani, quoted in the Middle East Economic Digest, as predicting the development of an informal group of oil producers to intervene in the market as needed.

Because nations outside OPEC, including Russia and Norway, are producing increasing amounts of oil, it may take more than efforts by the fading OPEC cartel to do the job.

Daniel Yergin, author and president of Cambridge Energy Research Associates, said the model that Mr. Naimi and others seem to have in mind is intervening in oil markets in the same way the world's central bankers sometimes intervene in currency markets. This would be less formal and more behind the scenes than OPEC's oil production that OPEC makes.

A change is needed, Mr. Yergin said, adding: "After all, OPEC was founded 36 years ago. A lot has changed since then, and, as a glove, it doesn't fit very well on the hand that controls the oil lever."

What oil producers are contemplating "is a shift from trying to

manage the market to trying to respond to the markets," he said. "and as long as markets are depressed, it will be a constant process of improvisation."

But an oil industry consultant Philip Verleger Jr., said, "I think they're probably trying it and it will certainly fail." He added: "I think most of the people in the business understand that it's just a highly competitive world out there."

So far, OPEC's most recent announcement of cutbacks has had little impact on prices. Brent crude for August delivery was up 2 cents on Tuesday, to \$13.21 a barrel, on the International Petroleum Exchange in London.

Fareed Mohamedi, a market analyst for Petroleum Finance Corp., said efforts to curtail oil production were being undermined in part because many oil-producing countries are opening production formerly

controlled by the state or international oil companies.

In March, when Venezuela agreed to reduce its production, it said the cutbacks would come from the state-owned oil company, not from private companies operating there.

■ **Iran Woes Westerners**

Iran will invite Western oil companies to participate in oil projects worth more than \$5 billion, in its biggest push for outside investment since the 1979 revolution, Bloomberg News quoted analysts and industry executives as saying Tuesday in London.

Mehdi Jazani, the deputy minister for international affairs, is leading a delegation of officials from the National Iranian Oil Co. to present details of some 20 projects at a conference beginning in London on Wednesday.

## U.S. to Sell Nuclear Fuel Unit

**By Matthew L. Wald**  
*New York Times Service*

**WASHINGTON**—The federal government's uranium enrichment business, rooted in the development of the atomic bomb, may be half a century away, expected to go on sale in the stock market soon.

Federal officials said Monday that they would try to privatize the United States Enrichment Corp., which provides most of the nuclear fuel used in the country.

The decision to make an initial public offering of shares in United States Enrichment came after the government failed to get an acceptable bid to buy the company, which is widely viewed as an inefficient manufacturer with antiquated technology in a business suffering declining demand.

# Wall Street Slides as Profit Optimism Wavers

*Compiled by Our Staff From Dispatches*

**NEW YORK**—Stocks fell Tuesday on concern that earnings may not measure up to forecasts and amid a big drop in Walt Disney.

Chevron and other oil companies, which lagged the market this quarter, posted gains.

The Dow Jones industrial average closed 45.34 points lower at 8,952.02.

The Standard & Poor's 500 Index fell 4.65 points to 1,133.84, and the Nasdaq composite index gained 3.66 to 1,894.74.

Bond prices climbed after a report on manufacturing in the Chicago area suggested the economy is slowing.

The Purchasing Management Association of Chicago reported a bigger-than-expected drop in its June manufacturing index to 44.2 in June from 47.9 during May.

In a separate report, consumer

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### U.S. STOCKS

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confidence in the economy rose in June to a 29-year high, as Americans remained optimistic that the strong labor market and healthy economic growth would continue in coming months.

The Conference Board reported Tuesday that its index of consumer

confidence rose from a revised 136.3 in May to 137.6 in June, a larger rise than Wall Street analysts had expected.

The benchmark 30-year Treasury bond rose 7/32 to 107 4/32, making the yield to 5.63 percent from 5.64 percent on Monday.

Advancing stocks led declines on the New York Stock Exchange by a 3-to-2 ratio.

Wall Disney stock fell 7 1/16 to 105 1/4 as weakness in film and overseas consumer products led six analysts to cut their profit forecasts for the world's second-largest entertainment company.

Investors also shifted money into

## Dollar Plunges Against Yen as Tokyo Readies Measures

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**NEW YORK** — The dollar plunged against the yen Tuesday on signs that Japan is set to move aggressively this week to repair its troubled banking system.

Traders also bought yen after Taku Yamasaki, policy chief of the governing Liberal Democratic Party, said he was considering a permanent tax cut to spur economic growth.

"People have been clamoring for a permanent tax cut and a deal to bail out the banking system," said Mark Turner, chief investment officer at

**Schooner Asset Management Co. in Boston.** "It would appear Japan is going to deliver. It's only natural people will review their bearishness on the yen."

At 4 P.M., the dollar stood at

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**FOREIGN EXCHANGE**

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138.93 yen, down from 141.71 yen Monday, ahead of the expected announcement Thursday of the Japanese government's much-anticipated bad-loan disposal program.

A subnote said the program was con-

“The market got a little ahead of itself before the ‘bridge bank,’ and it stands to get disappointed by the results,” said Jim Bannister, chief executive officer of the investment bank.

## NATIONAL FUTURES

Month	Open	High	Low	Settle	Chg
10-YEAR FRANCH COOP. BONDS ON					
FF-5000 (face value of 100 per cent)					
Jan	10.50	10.50	10.50	10.5454	+0.04
Feb	10.50	10.50	10.50	10.5454	+0.04
Mar	10.50	10.50	10.50	10.5454	+0.04
Apr	10.50	10.50	10.50	10.5454	+0.04
May	10.50	10.50	10.50	10.5454	+0.04
Jun	10.50	10.50	10.50	10.5454	+0.04
Jul	10.50	10.50	10.50	10.5454	+0.04
Aug	10.50	10.50	10.50	10.5454	+0.04
Sep	10.50	10.50	10.50	10.5454	+0.04
Oct	10.50	10.50	10.50	10.5454	+0.04
Nov	10.50	10.50	10.50	10.5454	+0.04
Dec	10.50	10.50	10.50	10.5454	+0.04
ITALIAN GOVERNMENT BONDS ON D.M.					
Jan	12.00	12.00	12.00	12.00	0.00
Feb	12.00	12.00	12.00	12.00	0.00
Mar	12.00	12.00	12.00	12.00	0.00
Apr	12.00	12.00	12.00	12.00	0.00
May	12.00	12.00	12.00	12.00	0.00
Jun	12.00	12.00	12.00	12.00	0.00
Jul	12.00	12.00	12.00	12.00	0.00
Aug	12.00	12.00	12.00	12.00	0.00
Sep	12.00	12.00	12.00	12.00	0.00
Oct	12.00	12.00	12.00	12.00	0.00
Nov	12.00	12.00	12.00	12.00	0.00
Dec	12.00	12.00	12.00	12.00	0.00
LIBOR - 1 MONTH (COMER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
EURODOLLARS (LIBOR) - 3 MONTH					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
BRITISH POUND (COMER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
CANADIAN DOLLAR (COMER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
GERMAN MARK (COMER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
JAPANESE YEN (COMER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
SWISS FRANC (COMER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
MEDIAN PACE (COMER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
3-MONTH STERLING (OFFER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
3-MONTH EUROMARK (OFFER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00
3-MONTH PIGGY (OFFER)					
Jan	1.00	1.00	1.00	1.00	0.00
Feb	1.00	1.00	1.00	1.00	0.00
Mar	1.00	1.00	1.00	1.00	0.00
Apr	1.00	1.00	1.00	1.00	0.00
May	1.00	1.00	1.00	1.00	0.00
Jun	1.00	1.00	1.00	1.00	0.00
Jul	1.00	1.00	1.00	1.00	0.00
Aug	1.00	1.00	1.00	1.00	0.00
Sep	1.00	1.00	1.00	1.00	0.00
Oct	1.00	1.00	1.00	1.00	0.00
Nov	1.00	1.00	1.00	1.00	0.00
Dec	1.00	1.00	1.00	1.00	0.00

## U.S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Close	Chg.
Indus.	9019.9	9026.0	8929.0	8932.0	+5.34
Transp.	447.9	447.9	446.8	447.0	+0.10
Comp.	283.9	283.9	283.9	283.9	+0.00
Merch.	283.9	283.9	283.9	283.9	+0.00
Energy	283.9	283.9	283.9	283.9	+0.00
Health	283.9	283.9	283.9	283.9	+0.00
Real Estate	283.9	283.9	283.9	283.9	+0.00
Technology	283.9	283.9	283.9	283.9	+0.00
Telecom	283.9	283.9	283.9	283.9	+0.00
Utilities	283.9	283.9	283.9	283.9	+0.00
Other	283.9	283.9	283.9	283.9	+0.00
NYSE	283.9	283.9	283.9	283.9	+0.00

Standard & Poors

	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
Comp.	242.55	243.83	244.47	244.47
Merch.	242.55	243.83	244.47	244.47
Energy	242.55	243.83	244.47	244.47
Health	242.55	243.83	244.47	244.47
Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

Most Actives

NYSE

	Vol.	High	Low	Close
AT&T	6,187	29.64	29.64	29.64
IBM	1,728	18.04	18.04	18.04
Alcoa	1,125	22.00	22.00	22.00
Amgen	1,125	22.00	22.00	22.00
Boeing	1,125	22.00	22.00	22.00
Chrysler	1,125	22.00	22.00	22.00
Eastman	1,125	22.00	22.00	22.00
GenCorp	1,125	22.00	22.00	22.00
Johnson	1,125	22.00	22.00	22.00
McDonald's	1,125	22.00	22.00	22.00
PepsiCo	1,125	22.00	22.00	22.00
Procter	1,125	22.00	22.00	22.00
Unilever	1,125	22.00	22.00	22.00

AMEX

	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
Comp.	242.55	243.83	244.47	244.47
Merch.	242.55	243.83	244.47	244.47
Energy	242.55	243.83	244.47	244.47
Health	242.55	243.83	244.47	244.47
Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

AMEX

	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
Comp.	242.55	243.83	244.47	244.47
Merch.	242.55	243.83	244.47	244.47
Energy	242.55	243.83	244.47	244.47
Health	242.55	243.83	244.47	244.47
Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

AMEX

	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
Comp.	242.55	243.83	244.47	244.47
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Energy	242.55	243.83	244.47	244.47
Health	242.55	243.83	244.47	244.47
Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

AMEX

	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
Comp.	242.55	243.83	244.47	244.47
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Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

AMEX

	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
Comp.	242.55	243.83	244.47	244.47
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Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

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	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
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Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

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	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
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Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
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Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

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Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

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	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
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Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

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	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
Comp.	242.55	243.83	244.47	244.47
Merch.	242.55	243.83	244.47	244.47
Energy	242.55	243.83	244.47	244.47
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	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
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Energy	242.55	243.83	244.47	244.47
Health	242.55	243.83	244.47	244.47
Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

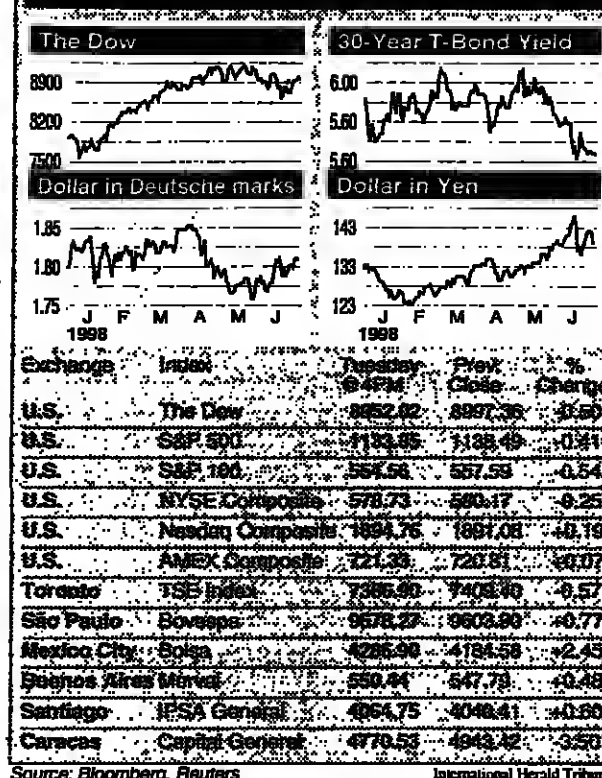
AMEX

	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
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Technology	242.55	243.83	244.47	244.47
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Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE	242.55	243.83	244.47	244.47

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	High	Low	Close	Today's Range
Transp.	1,331.41	1,329.04	1,329.04	1,329.04
Indus.	1,707.11	1,699.98	1,699.98	1,699.98
Comp.	242.55	243.83	244.47	244.47
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Real Estate	242.55	243.83	244.47	244.47
Technology	242.55	243.83	244.47	244.47
Telecom	242.55	243.83	244.47	244.47
Utilities	242.55	243.83	244.47	244.47
Other	242.55	243.83	244.47	244.47
NYSE</				

## Investor's America



## Very briefly:

- **General Motors Corp.** estimated that the strikes crippling its North American production would cost it \$1.18 billion in the second quarter, more than analysts expected.
- **Canada's** economy unexpectedly stalled in April because weakening import demand from the United States, its largest trading partner, led to a sharp drop in exports to the U.S. market. Domestic demand tempered the losses.
- **Apple Computer Inc.** sued four warranty service providers for fraud, saying they billed the PC maker for repairs that were never performed and received parts based on the false claims.
- **Compaq Computer Corp.** will have a loss for 1997 after \$1.8 billion profit in 1997. The No. 1 PC maker will absorb a \$5.4 billion charge for buying Digital Equipment Corp.
- **The U.S. Commerce Department** said international investment in the United States increased in 1997 and outpaced U.S. investment abroad.
- **Liberty Mutual Group**, a U.S. property casualty insurer, agreed to buy Summit Holding Southeast Inc. for \$222.4 million, building its workers' compensation insurance business in Florida.
- **MCI Communications Corp.**, the second-largest U.S. long-distance company, is working with Cisco Systems Inc. to help companies link computers to the Internet. *Bloomberg*

## Sunbeam to Verify Its Accounting

**DELRAY BEACH, Florida**—Sunbeam Corp. said it has hired Deloitte & Touche LLP to review the accuracy of the appliance maker's 1997 financial statements, which could result in a restatement for last year and for the first quarter.

The move follows the company's firing of its chairman, A. Dunlap, on June 13 after six months of losses. The review follows an "informal inquiry" by the Securities and Exchange Commission into Sunbeam's accounting practices, which an analyst said was the probable cause of the review.

**The Trib Index** Prices as of 4:00 P.M. New York time.

Jan. 1, 1992 = 100	Level	Change	%change	year to date %change
<b>World Index</b>	196.74	+0.01	+0.01	+14.31
<b>Regional Indexes</b>				
Asia/Pacific	84.76	+3.05	+3.73	-11.77
Europe	234.61	-1.56	-0.66	+21.53
N. America	257.27	-0.88	-0.33	+19.11
S. America	128.54	+1.90	+1.52	-17.12
<b>Industrial Indexes</b>				
Capital goods	254.86	+0.89	+0.35	+23.38
Consumer goods	235.36	-0.50	-0.21	+12.22
Energy	210.14	+0.48	+0.23	+7.79
Finance	141.39	+1.05	+0.75	+14.99
Miscellaneous	155.93	+2.07	+1.35	+4.04
Raw Materials	206.39	-0.48	-0.23	+23.41
Service	202.66	-2.33	-1.14	+16.26
Utilities	167.76	-2.72	-1.60	+0.53

*The International Herald Tribune World Stock Index tracks the U.S. dollar value of 230 internationally investable stocks from 25 countries.*

**AMEX**

[illegible]

Stock	Sales	High	Low	Latest	Change
Johnson	171	95	82 1/2	84	1/2

The 200 most traded stocks of the day, up to the closing on Wall Street.	<b>Int'l</b>	<b>486</b>	<b>12%</b>	<b>12</b>	<b>92%</b>	<b>+14</b>
	<b>Int'l</b>	<b>343</b>	<b>27%</b>	<b>25%</b>	<b>23%</b>	<b>+7%</b>
	<b>Int'l</b>	<b>340</b>	<b>1%</b>	<b>1</b>	<b>1</b>	<b>-1%</b>

[illegible]



## EUROPE

# A Slowdown In Germany Is Predicted

## French and U.S. Executives Seek Cooperation

By Joseph Fitchett  
International Herald Tribune

BERLIN — Growth of the German economy will slow next year to 2.1 percent, weakened by a decline of exports to Asia and by continued sluggish domestic demand, the DIW research institute forecast Tuesday.

The institute, however, stood by a forecast that the economy of Germany would grow by 2.6 percent this year, after 2.2 percent in 1997.

The government and most economists hold that growth will be sustained next year despite the effects of the crisis in Asia.

But the institute warned that growth would be weakened by an inevitable decline of exports because of the crisis in Asia and sluggish domestic demand.

The institute said that the economic crisis in Asia and devaluations "will weigh down on German exports in 1999."

Exports, which are almost the only source of growth in Germany, will grow by more than 10 percent this year, the institute predicted.

"Household consumption remains the Achilles' heel of the German economic situation," it said.

Noting that consumption had stagnated in 1997, the institute said it would increase only slightly to reflect an increase in incomes.

The DIW economic research institute also called for a 4 percent increase in wages. The institute, which is closely linked to labor unions and the opposition Social Democrats, said a strong rise in wages would help bolster domestic demand and balance the current export-led economic expansion.

The proposal flies in the face of advice from government and business leaders urging continued restraint in wage demands.

But the DIW institute's chief economist, Heiner Flassbeck, said it might be just what was needed to get the economy going.

Separately, Finance Minister Theo Waigel said Tuesday that the government would present a "thrifty" 1998-99 budget next week.

Speaking at the sidelines of celebrations marking the inauguration of the European Central Bank, Mr. Waigel said the budget draft proposed a 0.3 percent increase in spending.

WASHINGTON — In an attempt to steady U.S.-French commercial relations, officials in Washington and Paris are encouraging both countries' business communities to work together to dispel what they see as false images of each other's economic systems.

In a sign of this new thinking, Prime Minister Lionel Jospin, a Socialist, attended the inaugural session of a joint council of corporate heads from both countries that has been formed to find common ground.

The start of the French-American Business Council coincided with a Jospin visit in June to Washington. During that visit, Mr. Jospin publicly distanced himself from some negative stereotypes of U.S. business methods.

The council, which will meet annually, brings together top executives from both countries for talks about their broad economic agendas.

In a globalizing world, the French finance minister, Dominique Strauss-Kahn, has invited the council to meet next year in Paris.

The council's creation underscored the eagerness in Washington and Paris to improve the level of practical understanding between two countries that are quick to scrap publicly over trade issues.

Secretary of State Madeleine Albright told the Washington meeting that "the kind of global gamesmanship of which our diplomatic community so often suspect each other is simply passé, for this high-speed, high-tech world is no longer a zero-sum game."

The Clinton administration hopes that French governments, in pursuing economic modernization, will avoid using the United States as a bogeyman.

In the U.S. view, it is particularly important to preempt any rise in anti-American attitudes in France — and, by extension, the European Union.

"Such bilateral groups are quite normal between the United States and its key allies, but it is the first time that we have been able to put something together at such an influential level with the French," a U.S. diplomat said.

The council bills itself as a private initiative led by Michel Bon, head of the state-owned French Telecom, and by Dana Mead, head of Tennen.

Mr. Mead has also chaired another group, known as the trans-Atlantic business dialogue, which lobbies Washington and European governments.

French executives are conspicuously absent from that group.

In contrast, the new French-American council fits the sensibilities of France's business culture: It is attended only by top executives without staff members, and no formal advocacy is involved.

Prestige is the key, one organizer noted, listing some of the financial-sector companies whose chiefs at-

tended the meeting in Washington: Bankers Trust, J.P. Morgan & Co., Salomon Smith Barney and American Express along with the Banque de France, the central bank, Credit Lyonnais and BNP.

The impetus for the council came largely from Felix Rohatyn, the U.S. ambassador in Paris. As an investment banker, Mr. Rohatyn had the connections and credentials to sell the project to corporate heads and political leaders in both Paris and Washington.

Participants, nearly 50 in all, included Vase Coffman of Lockheed Martin, Harry Stenocher of Boeing, Gerry Greenwald of United Airlines, Bernard Schwartz of Loral Space and Lodewijk de Vink of Warner-Lambert.

Included on the French side were Alain Merieux of Merieux laboratories, Jean-Louis Beffa of Saint Gobain, Bertrand Collomb of Lafarge, Jean-Pierre Rodier of Pechiney, Louis Schweitzer of Renault and Jean-Marie Messier of Vivendi.

## Nomura Unit To Buy Thorn

LONDON — Future Rentals PLC, a new company formed by Nomura International PLC, agreed to buy Thorn PLC, Britain's second-biggest rent-to-own appliance business, for £980 million (\$1.63 billion) in cash.

Future Rentals will pay 250 pence per share, a premium of 8.7 percent to Tuesday's closing price of 230 pence a share.

Nomura International has acquired several companies ranging from chains of public houses to housing developments to use their cash flow as the basis for asset-backed securities.

Thorn, spun off from the music company EMI Group PLC in August 1996, has suffered from a switch among U.K. consumers to buying rather than renting appliances. It has also been hurt by the strong pound that has cut overseas income and by classification lawsuits from U.S. consumer groups who claim its rent-and-purchase agreements violate fraud laws.

## Bulgaria Plans to Sell 51% of Telecom

SOFIA — The government said Tuesday it would sell 51 percent of Bulgarian Telecommunications Co. to a single investor to raise money for the budget, although the state intends to retain power over key decisions for now.

The government said it would later sell its remaining stake on the stock market; 20 percent of the company will be offered to employees. The adviser to the sale is Deutsche Morgan Grenfell.

The 51 percent stake will be offered to a telephone operator or a group led by an operator, said Zahari Zhelyazkov, head of the government's Privatization Agency.

"Every candidate buyer must have at least 2 million connected clients and a \$400 million profit for the last year," he said.

The government hopes investors will be lured to BTC because of the pending issue of a license for a second GSM, or global system for mobile communications, mobile phone operator in Bulgaria.

The license "will either be given to the new owner of BTC" or to a company already operating telephone services in Bulgaria, the head

of the Privatization Agency said. Cable & Wireless PLC, which with BTC owns the Mobikom mobile phone joint venture, has expressed interest in the license for the second GSM operator.

Soros Sets Investment

The international financier and philanthropist George Soros has offered to set up a joint software company in Bulgaria employing

cheap local talent to work on the millennium bug, a top official said. Reuters reported.

"The proposal envisages setting up a joint venture between the Bulgarian Telecommunications Co. and Soros, which will carry out orders for large foreign companies in the West," BTC's board chairman, Grosdan Karadzov, said. He added that Mr. Soros was prepared to invest \$3 million in the project.

## Job Gains in France and Spain

PARIS — Unemployment fell in France and Spain as the fastest economic growth in eight years encouraged telecommunications, computer services and tourism companies to hire, official figures showed Tuesday.

The number of French unemployed fell for a ninth month, while the jobless rate in Spain dropped for the 15th month, according to official figures.

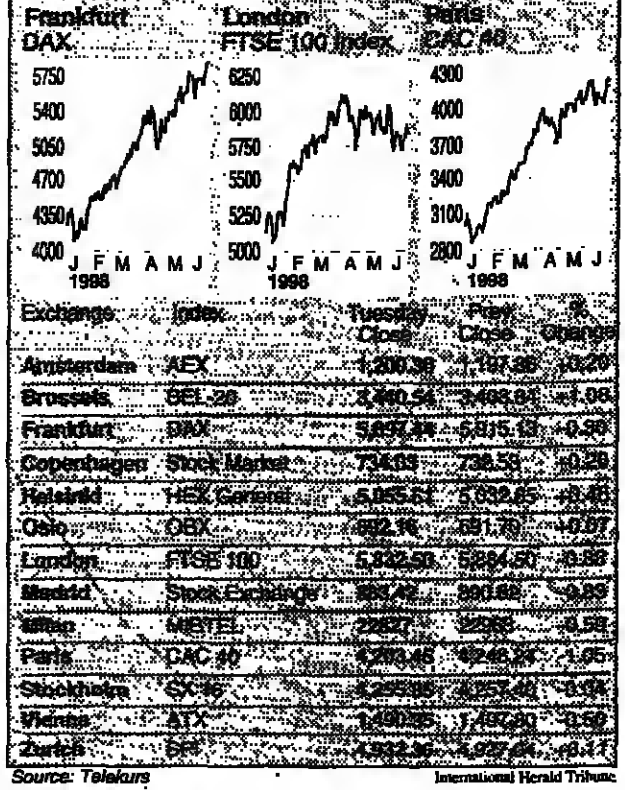
The reports, combined with another showing an increase in home building in France, suggest growth

in Europe's second- and fifth-biggest economies is accelerating amid low interest rates, strong consumer spending and rising corporate investment.

"This is a dream mix," said Roger Maquaire, director of economic studies at Cie de Saint-Gobain SA, Europe's biggest glassmaker and one of its largest building-materials producers.

The last time we had a combination of consumer confidence, a dip in unemployment and low interest rates was about 10 years ago.

## Investor's Europe



## Very briefly:

- Switzerland said consumer prices rose 0.1 percent in June, keeping annual inflation at 0.1 percent.
- ABN Amro Holding NV, the Netherlands' biggest bank, added four new branches in Indonesia, unfazed by the Southeast Asian country's economic crisis. The new branches will increase ABN Amro's network in the region's largest country to 14.
- Telekomunikacja Polska SA, Poland's state-owned telephone company, will be sold to investors by the end of this year to speed competition in the telecommunications industry, a Treasury Ministry official said.
- Bayerische Landesbank Girozentrale, Germany's sixth-largest bank, said it agreed to cooperate with France's Caisse Centrale des Caisses d'Epargne in lending, financial markets and investment banking.
- The World Bank said the Jordanian government's statistics for economic growth over the past two years are considerably higher than the bank's own figures, newspapers reported. The government put economic growth for 1996 at 5.2 percent and for 1997 at 5.3 percent, but the bank figures suggest growth did not exceed 1 percent in 1996 and 3 percent in 1997.
- Israel will sell 2 percent to 4 percent of Bank Leumi Le-Israel Ltd., the country's second-largest bank by assets, in a tender to foreign institutional investors, Finance Minister Yacov Ne'eman said. The stake has a market value of \$54 million to \$113 million, but will be sold at a discount, he said.
- Bertelsmann AG and Kirch Group face another rejection by European Union regulators if they renew attempts to corner the German digital-TV market, the EU competition commissioner, Karel Van Miert, said.

## WORLD STOCK MARKETS

Tuesday, June 30 Dollars prices in U.S. dollars				High Low Close Prev.				High Low Close Prev.				High Low Close Prev.				High Low Close Prev.			
Amsterdam				Frankfurt				London				Paris				Tokyo			
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
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ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12.50	12.50	BNP	11.50	11.50	11.50	Nikkei 225	15,100.00	15,100.00	15,100.00
ABN-AMRO	42.80	42.80	42.80	Deutsche Bank	48.80	48.80	48.80	Barclays Bank	12.50	12									



The 2,600 most traded stocks of the day.  
 Nationwide prices not reflecting late trades elsewhere.  
 The Associated Press.

**Continued on Page 18**

هاتفك من الامم



## ASIA/PACIFIC

## Optimism on Banks Helps Tokyo Markets

**Compiled by Our Staff From Dispatches**  
**TOKYO** — Optimism over a plan in the works to clean up Japan's massive problem bank loans strengthened the yen and sent stocks higher Tuesday.

The government plan includes the creation of institutions to take over assets of banks that fail and provide loans to companies that depend on those banks for borrowing.

"It's important that the government protect depositors and the stability of the nation's financial system," Prime Minister Ryutaro Hashimoto said after discussing the plan with members of his Liberal Democratic Party and Finance Minister Hikaru Matsunaga.

The government will approve the plan Thursday, officials said. Formation of the institutions, re-

ferred to as bridge banks, would be a key step toward shutting down crippled financial institutions and ridding the industry of 77 trillion yen (\$546 billion) in problem loans.

The government is reluctant to shutter ailing banks until a system is in place to handle the orderly disposal of assets. It is concerned that bank closures would cut off borrowers, trigger corporate bankruptcies and worsen the country's economic slump. Bridge banks could help alleviate that problem by continuing lending to clients of failed banks.

Mr. Hashimoto indicated that Japan would follow the example of the United States, possibly in the case of the Bank of New England, which filed for bankruptcy protection Jan. 7, 1991.

The U.S. Federal Deposit Insurance Corp. created bridge banks to assume deposits and liabilities of the U.S. bank's subsidiaries.

On Tuesday, Japan's benchmark Nikkei 225 stock index rose to a one-month high amid signs that Japan is growing more determined to fix its banking industry. The index rose 3.02 percent to 15,830.27.

The dollar slipped almost 1 percent to as low as 140.58 yen in Tokyo from 141.86 yen in New York, later rising to 141.00 yen in Tokyo.

The gains came despite the release Tuesday of government figures showing that Japan's unemployment rate remained at a record high 4.1 percent in May for the second consecutive month. This brought a warning from analysts that the job market is suffering

badly from the nation's recession. The number of unemployed reached a record 2.93 million in the month, up 490,000 from a year earlier, the Management and Coordination Agency said.

"The unemployment figure just reflected the depressed state of the Japanese economy," said Tomoya Kondo, an economist at Daiwa Institute of Research.

Many analysts said the real figure calculated on Western terms could be twice as high, since Japanese companies sometimes keep laid-off workers on their books as part of a so-called redundant workforce.

"If the companies decided to get rid of the redundant workforce, the unemployment figure would go up to as high as 10 percent," an analyst said. (Bloomberg, AFP)

## Seoul Issues Warning Over Bank Protests

**Agency France-Press**

**SEOUL** — A top regulator in South Korea warned Tuesday of possible panic in the troubled financial sector as operations at five banks remained crippled by protests over forced mergers.

"We cannot wait any longer to avoid possible panic in our banking system," said Lee Hun Jae, head of the Financial Supervisory Commission.

Mr. Lee warned bank employees to return to work by midnight Tuesday or face legal action. The police and prosecutors were ordered to prepare for such action.

Bank supervisors said businesses had been paralyzed for two days at 618 branches of the five banks, which were ordered out of business Monday and told to merge with stronger institutions.

Angry staff members crippled computer systems and vanished with police officers escorted financial officials into Chung Cheong Bank, Daewoo Bank, Dongnam Bank, Dongha Bank and Kyungki Bank.

The protests have halted deposit-related services and other essential businesses, triggering a further corporate credit crunch and a delay in settlements of cash, checks and corporate bills.

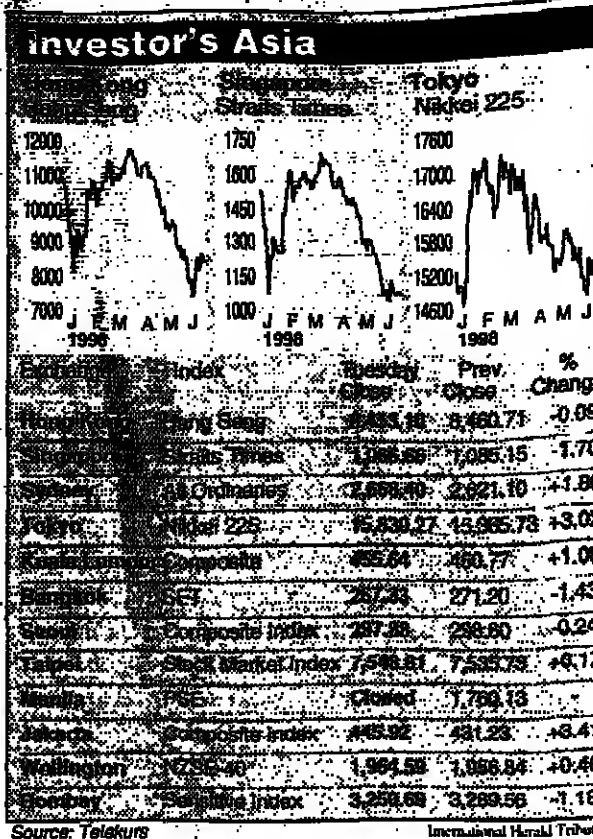
Experts from IBM Corp. and South Korean computer companies have been mobilized to help the Financial Supervisory Commission in closing the banks' businesses.

**Strike Planned at Hyundai**

Hyundai Motor Co., the largest auto manufacturer in South Korea, said Tuesday that a plan to lay off 10 percent of its workers had been accepted by the government, prompting labor unions to call an immediate 24-hour strike, Bloomberg News reported.

The government green light came only after hours of resistance from the Labor Ministry in a bid to control a rising jobless rate, which has already tripled, to 6.9 percent, this year.

The move by Hyundai is likely to prompt other large companies to dismiss workers to help cut costs. "We will stage a full-fledged strike after launching an initial 24-hour strike this afternoon," said Kim Kwang Shik, president of Hyundai Motor's labor union.



## Very briefly:

- Shares of News Corp., the Australia-based media giant, rose sharply after the company announced plans to combine its U.S. film, television and sports assets and sell up to 20 percent of the new company to the public as it seeks to raise \$3.5 billion. The shares closed at 13.18 Australian dollars (\$7.98), up 1.03 dollars.
- Compaq Computer Corp. will dismiss 400 production workers in Singapore, 12 percent of its manufacturing workforce there, in an effort to meld its business with that of Digital Equipment Corp., which it recently acquired.
- Daewoo Electronics Co. of South Korea said it would build a \$200 million television plant in Morocco.
- Moody's Investors Service formed a joint venture with Korea Investors Service Inc. to expand credit ratings and analysis in the South Korean capital markets.
- Total SA of France will hand over operational control of the Bongkot natural gas field in the Gulf of Thailand to the Thai state-run petroleum authority this week.
- Malaysia's securities regulator said that, because of a credit crunch, it would lift a ban on some of the ways in which companies can raise funds. (Bloomberg, AFP)

## China to Reduce Lending Rates

**BEIJING** — China will cut bank lending rates for a third time since October in a bid to bolster sagging economic growth, state television reported. The government will cut bank lending rates by an average 1.12 percentage point, according to the state media. The cuts come as the Chinese economy heads for its slowest growth since 1990. Second-quarter growth is set to fall below 7 percent from the 7.2 percent year-on-year expansion reported during the first three months of 1998.

## For Hong Kong's Golden Elite, the Shine Is Off

**Agency France-Press**  
**HONG KONG** — Hong Kong's financial elite, who were once in the driver's seat of Asia's boom, are now struggling to survive.

In the year since the beady days of Hong Kong's switch to Chinese rule, when the Hang Seng index was on a run past 16,000 points and red chip fever was making investors instantly richer, the key barometer of the territory's well-being has tumbled to almost half its levels before the handover from Britain.

"Wealth is gone. Business stinks," said Anthony Lok, a senior analyst at Indosuez W.I. Carr, summing up the gloomy mood in Hong Kong's financial sector, where pay cuts and layoffs have hit hard among the territory's most visible yuppies.

"There's consolidations and a lot of people thrown out of work and I don't think this business is going to be easy going forward," Mr. Lok added.

Euphoria on the markets a year ago as Hong Kong prepared for the embrace of China on July 1 took the Hang Seng soaring and heralded a new round of largesse in the financial sector. Brokerages and companies running regional road shows would wine and dine potential investors, often lavishly to the territory's posh hotels.

But now, with Asia in recession, "gone are the days when the Indonesians used to come to Hong Kong and give out Mont Blanc

pens," said a fund manager at a European bank.

One currently unemployed China markets analyst said: "We used to enjoy a lot of those perks. Companies would organize trips to cities in China. I've had my share of freebies — you know, CD players, that kind of stuff."

Kent Rossiter, head of sales at Nikko Securities Co. (Asia) Ltd., said: "The name of the game hasn't changed that much, but it's obvious you're not going to receive bull-market bonuses."

The day after the bandover, with local investors riding high, Thailand floated its currency, the baht, sparking the Asian meltdown. Markets across the region began to fall, with currencies fluctuating wildly against the U.S. dollar and Hong Kong feeling the first strong jolts in October when the local dollar came

under strong speculative attack.

Investor unease resulted in severe volatility late in October, when the index plunged 13.7 percent, losing 1,438 points, and then recovered 18.8 percent the next day.

Market volatility made an impact on the nonbanking financial sector, driving employment among stocks, commodities and bullion brokers, exchanges and services down more than 16 percent. From 16,692 positions that were filled in September 1997, the number fell to 13,968 by the end of the year, according to the latest Census and Statistics Department figures.

Employment in financial institutions also suffered, down to 10,645 positions from 13,596 over the same period — a 21.7 percent plunge.

With 1998 growth in gross domestic product expected to be less than the government's forecast 3.5

percent, the darkening clouds over Hong Kong's financial horizon are not likely to clear any time soon.

"Corporate finance deals definitely are dried up now," Mr. Rossiter said. "Clients are interested in buying just the bluest of the blue chips."

While Hong Kong's financial elite look back wistfully to the days of the handover, those still hanging on are looking to China for a way out.

"If you lower China's 8 percent growth forecast this year to 7 or even 6 percent, it will still be better than everywhere else and when that becomes apparent it will lift up the Hong Kong market," the unemployed China analyst said.

Mr. Lok concurred, saying, "There's only one place left in Asia now that has a growing and intact middle class and that is greater China, including Taiwan and Hong Kong."

## Malaysian Minister Calls for Cheaper Money

**KUALA LUMPUR** — Finance Minister Anwar Ibrahim said Malaysia wanted its banks to reduce their effective interest rates.

The country needs to maintain a balance in its interest rates to cap inflation, while keeping businesses alive, he said.

"A high interest rate regime would result in the further contraction of the economy because it would render business activities less, or not viable," he told the Bernama press agency.

"We want the spread to be reduced so that gradually the effective rate of interest is reduced," Mr. Anwar said.

The spread is the difference between a bank's borrowing and lending costs.

On Friday, Bank Negara unveiled a plan to cut the reserve requirement for banks to 8 percent of their eligible liabilities from 10 percent, effective Wednesday.

The cut will lead to lower interest rates, analysts said. (Bloomberg, AFP)

## PAPER: With Surge in Classified Ads, Industry Regains Health

Continued from Page 13

In the 21-to-35 age group, 67 percent of those surveyed had read a daily newspaper the day before. In 1990, a similar survey by Pew showed that number had dwindled to 39 percent. This spring, it was 31 percent. Even in the over-50 group, readership figures are down to 63 percent, from about 74 percent in 1990.

And some large advertising agencies still find that, for national ads, newspapers are a cumbersome and expensive vehicle. Although newspaper revenue from national advertisers like airlines and Hollywood studios are up over the decade, "for most national advertisers, their first choice is television — and that's getting more so," said Stacey Lippman, media director at the advertising agency TBWA Chiat/Day, which is owned by the Omnicom Group.

The newspaper industry's standard response is that its readers are a relatively upscale demographic group compared with radio or television audiences. The Pew survey bears this out: 60 percent of those surveyed with family incomes of \$75,000 annually read newspapers; 58 percent watched television news. College graduates were also slightly more likely to get their news from newspapers.

The economic downturn of the early 1990s coincided with buyouts among retailers — which then had no excess cash for advertising — and competition from companies selling newspaper inserts to supermarkets and other local advertisers. The bottom line: at least 10 percent of display advertising revenues was lost and have not returned.

Just when things might have started to move back up, newspaper prices rose by almost 70 percent, peaking in 1995 and 1996, and forcing another round of belt-tightening and price increases at newspapers.

But if 1987 and 1988 were the golden years for the industry, 1997 was at least gold-plated. Total revenue, according to the figures compiled by the Newspaper Association of America, were \$31.4 billion — \$41.3 billion (up 11.3 percent over 1996) from advertising, and \$10.1 billion (up about 1 percent) from circulation.

The overall revenue improvement is less dramatic when inflation is taken into

account. In real dollars, 1997 circulation revenues lagged more than 15 percent behind their 1987 high. Last year, advertising revenues, led by retail display advertising and classifieds, inched back near 1987 levels.

Perhaps most important, psychologically, is that readers have stopped deserting. The March report from the Audit Bureau of Circulations showed widespread, though marginal, gains. Just three of the top 25 circulation leaders showed declines of more than 1 percent: The Washington Post, The Chicago Tribune and The Miami Herald. By comparison, in the years from

1994 through 1996, when there were widespread price increases, overall circulation declined at an annual rate of 2 percent or more.

Despite the industry's generally good news, a paradigm concern is classified

advertising. "Classifieds definitely are driving the revenue increases that we're seeing," said David Alley, The Republic's advertising director. And what is driving classified advertising, he said, is the tight job recruitment market.

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REPUBLIC OF BOLIVIA  
 MINISTRY OF ECONOMIC DEVELOPMENT  
 VICEMINISTRY OF ENERGY AND HYDROCARBONSINVITATION TO THE INTERNATIONAL PUBLIC NOMINATION AND BIDDING  
 FOR AVAILABLE AREAS FOR HYDROCARBONS EXPLORATION AND DEVELOPMENT

The Viceministry of Energy and Hydrocarbons of Bolivia responsible for the nomination of available areas for hydrocarbons exploration and development, as established in the Hydrocarbons Law N° 1689 of April 30, 1996, its regulations and other applicable legal norms, invites all companies interested in participating in the International Public Nomination and Bidding for Available Areas for Hydrocarbons Exploration and Development.

The International Public Nomination, to be held from July 15 to 25, allows national and international companies to nominate areas with hydrocarbons potential. It is estimated that approximately 611,000 Km² of the Bolivian territory (55.6%) have hydrocarbons potential. Of that total, 124,276.8 Km² are currently under contract and 486,723.2 Km² have been defined as available areas.

All parties interested in nominating areas must present, to the Viceministry of Energy and Hydrocarbons (VMEH), a written petition for each area nominated and pay the fee established in the regulation. For further details, please contact VMEH at the address below.

The International Public Bidding, to be held on September 15, aims to attract potential investors for the signing of Joint Venture Contracts for exploration and development of hydrocarbons, in the areas nominated in July, which will be valid for forty years. Any company, whether it has nominated areas or not, can participate in the bidding process.

## SCHEDULE

March 1st - September 15:	Data Room opened for consultation (YPFB)
July 15-25:	Area nomination (VMEH)
August 1st:	Definition of the sole rating criteria of each nominated areas (VMEH)
September 15:	Data Room closes Reception and opening of bids and awarding of areas (YPFB)
November 15:	Signature of Joint Venture Contracts (VMEH)

## For further information please contact:

Viceministry of Energy and  
 Hydrocarbons  
 Unidad de Promoción de Inversiones  
 Telephone: (591 2) 374050 Ext. 323  
 Fax: (591 2) 318846/322575  
 E-mail: enerhid@ceibo.entelnet.bo

Yacimientos Petrolíferos  
 Fiscales Bolivianos  
 Telephones and fax: (591 2) 374468  
 Data Room  
 Telephone: (591 3) 540704  
 Fax: (591 3) 539148

La Paz, July 1998







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# AUSTRIA'S EU AGENDA

## A PRESIDENCY FOR A UNITED EUROPE

*Austria is uniquely qualified to take on the current challenges facing the European Union.*

Today, Austria takes on one of the major political challenges that Europe has to offer: the presidency of the European Union. The subjects to be decided are of crucial importance to the future of the Union. They include final preparations for the advent of the euro, which takes effect on Jan. 1, 1999, the enlargement of the Union, and the finalization of Agenda 2000 and the EU's plan to reduce unemployment.

Agenda 2000 alone will affect every country and business sector in the EU. It will establish, among many other items, which countries are eligible for what funds, how decisions are reached in the Union, and what the terms of accession will be for Hungary, Poland, the Czech Republic, Slovenia, Estonia and Cyprus and for the candidates of the "second wave" of expansion.

Says Austrian Chancellor Viktor Klima: "We are a relatively young member of the EU, and we have to shape during our presidency no less than two of the most exciting, most historic processes ever undertaken by the Union: giving it a greater depth and breadth. It's a tremendous challenge."

### Extensive preparations

Austria's preparations for the presidency have been extensive and high-paced. Its ministries have been participating in the organization of 2,300 meetings of 330 EU working groups, which are setting the agendas for 40 ministry-level conferences, a number of which will be held in Austria.

The final results of these meetings and conferences must be ready for consideration by Dec. 11, the first day of the European Council summit in Vienna. The Council, made up of the heads of states of EU member countries, will face a deadline of its own.

By the time the members convene for their group photograph at the conclusion of the summit on Dec. 12, they are to have achieved "significant" progress on these issues, plus other crucial items such as harmonizing European tax codes.

### A sense of purpose

If Austria is facing these Europe-wide challenges with a remarkable sense of calm and purpose, it is because the country has already tackled many of them on the national level.

Working with all sectors of society, Austria's government has implemented successful programs to reduce unemployment. At the end of May, the country's unemployment rate was 6.7 percent, according to the national labor office, and 4.6 percent according to the EU. Austria is also creating jobs: At the end of April, the number of positions available was up 26 percent over the previous year.

Itself part of the EU's last wave of expansion in 1995, Austria has already solved many of the economic problems that may arise from the integration of five low-wage, high-growth Central and Eastern European countries into the Union. Austria has developed an excellent working relationship with its neighbors to the east, reflected by the string of binational business parks and joint ventures lining the country's borders.

In addition, says Foreign Minister Wolfgang Schüssel, "We know the mentalities of the accession candidates better."

Many countries are facing the advent of the euro with trepidation. Not Austria. The country has already gone through the process of internationalizing its currency, the schilling, which, as Finance Minister Rudolf Enderlein points out, "has been linked to the Deutsche mark for two decades [since 1975]."

The Austrian presidency will also continue the work of its predecessors in attempting to curb the flow of drugs, weapons and other illegal goods into the EU. Austria shares borders with eight countries, four of them in Central and Eastern Europe. Because of this geographical situation, Austria already has a great stock of expertise to share with the EU on effective measures for dealing with these problems.

### Building consensus

Austria's penchant for consensus-building explains the high degree of unanimity in carrying out these measures. This unanimity was also expressed in the strong 66 percent of Austrians voting for the country's accession to the EU. It is also reflected in the lack of strikes or other forms of protest accompanying this and other major transformations of the country's political and economic life.

"Austria has, in fact, the second lowest rate of strikes in the world. This rate is one of the best indicators of how good working relationships are between our companies' management and employees," says Hannes Farnleitner, minister of economic affairs.

This tradition of finding consensus will stand Austria in good stead during the "presidential months" to come.

Says Mr. Klima: "Our job is to serve as trusted mediators. We're going to carry it out with professionalism and dedication. We want to get Europe into fighting shape. That's going to be the motto of our presidency."

Terry Swartzberg

## Where It's Happening

Over the next six months, Austria's nine provinces will host the following 34 high-level EU meetings:

July 1-2, 1998 / Vienna  
Opening meeting of the Austrian Federal Government and the EU Commission

July 8-10, 1998 / Innsbruck, Tyrol  
EU Ministers of Labor, Social Affairs and Equality of Women

July 17-19, 1998 / Graz, Styria  
EU Ministers of the Environment

July 23-24, 1998 / Bad Tatzmannsdorf, Burgenland  
EU Ministers of Health

September 5-6, 1998 / Salzburg, Salzburg Province  
EU Ministers of Foreign Affairs

September 10-12, 1998 / Linz, Upper Austria  
EU Ministers of Culture

September 15-16, 1998 / Feldkirch, Vorarlberg  
EU Ministers of Transportation

September 20-22, 1998 / St. Wolfgang, Upper Austria  
EU Ministers of Agriculture

September 25-27, 1998 / Vienna  
EU Ministers of Economic Affairs and Finance (ECOFIN)

October 2-4, 1998 / Klagenfurt, Carinthia  
EU Ministers of Industry, Science and Technology

October 23-24, 1998 / Baden, Lower Austria  
EU Ministers of Education

October 29-30, 1998 / Vienna  
EU Ministers of Justice and Home Affairs

November 3-4, 1998 / Vienna  
Ministerial Conference of the EU and the 14 members of the Southern African Development Cooperation (SADC)

December 11-12, 1998 / Vienna  
Summit of the European Council

For further information, see the official Web site of the Austrian Presidency: [www.eu-presidency.gv.at](http://www.eu-presidency.gv.at)

AUSTRIA 1998

### VIKTOR KLIMA

FEDERAL CHANCELLOR

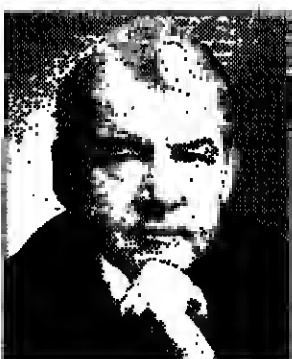
"While acting as EU president, Austria can exercise its tradition of being a link within Europe, and in preparing for enlargement of the Union can extend and strengthen its historical bridging function to the countries of Central and Eastern Europe."



### RUDOLF ENDERLEIN

FINANCE MINISTER

"An important concern of the Austrian presidency will be the harmonization of taxes, the assessment of private interest earnings and the simplification of value-added tax."



### WOLFGANG SCHÜSSEL

MINISTER OF FOREIGN AFFAIRS AND DEPUTY CHANCELLOR

"The foremost task of a presidency is, as an honest broker, to attain compromises for the benefit of the whole Union."



### HANNES FARNLEITNER

MINISTER OF ECONOMIC AFFAIRS

"We must accept the challenge of a completely new economic landscape unfolding before us with a variety of cross-border industrial cooperation projects between EU states and candidate members."



## THE PROVINCES ARE FULL PARTNERS

Austria's presidency of the European Union represents a double challenge. As a small, relatively new Central European member of the EU, it must position itself as an "honest broker" to interpret the demands of a diverse, continent-wide population, but it must also seize the opportunity of presenting a balanced image of the country as a whole. At an early stage in the preparations, it was decided to

shift a major part of the burden for hosting EU events away from the federal government to the country's nine provinces, including Vienna, the federal capital, which is a province in its own right.

The tight schedule of EU gatherings includes no less than 12 ministerial meetings in widely separated locations, from Bad Tatzmannsdorf in Burgenland in the east to Feldkirch in Vorarlberg in the west.

The provinces are fully implicated in the events but also because of their own ties with their neighbors to the east and west, north and south. High-tech Carinthia has strong links with Slovenia and Italy, thanks to the EU's INTER-REG program. Burgenland enjoys strong business ties with Hungary. Upper and Lower Austria are both home to cross-border projects with the Czech Republic, while Salzburg has a trans-border technology center — as well as other links — with Bavaria. Styria, with its strong automotive industry cluster, is a key contact point for southeastern Europe. High-tech Tyrol has a wide range of partnerships with Italy and Bavaria, while Vorarlberg maintains extensive working relationships with the German states of Bavaria and Baden-Württemberg and the Swiss canton of St. Gallen.

D.H.

### GIVING PRIORITY TO HUMAN RIGHTS

Vienna's attraction as a location for international organizations has been demonstrated again this year by the founding there of the European Monitoring Centre for Racism and Xenophobia (RAXEN) — the first full EU body in Austria.

The center joins the United Nations and its agencies, such as the International Atomic Energy Agency and UNIDO, in the Austrian capital. Vienna is one of three major UN seats worldwide, along with New York City and Geneva. The UN has recently established other important units in the Vienna International Centre, including the Comprehensive Nuclear Test Ban Treaty Organization and the UN Office for Drug Control and Crime Prevention.

Several important non-UN and nongovernmental organizations have also settled in Austria, including the Organisation for Security and Cooperation in Europe (OSCE), OPEC and the International Institute for Applied Systems Analysis.

Along with the inauguration of RAXEN, Vienna will be the setting this year for numerous

activities connected with human rights. They will coincide with the 50th anniversary of the Universal Declaration of Human Rights and take place five years after the World Conference on Human Rights. On June 27, the Vienna Public Assembly on Human Rights heard addresses by, among others, U.S. Secretary-General Kofi Annan, former U.S. President Jimmy Carter, Archbishop Desmond Tutu of South Africa and Yelena Bonner (on behalf of the late Nobel laureate Andrey Sakharov).

The Bruno Kreisky Forum (founded in 1991) continues to present annual awards for Outstanding Achievements in Human Rights. Recipients so far include Nelson Mandela, the Hong Kong journalist Emily Lau and Amnesty International.

UBAS (the Independent Federal Asylum Senate), which is directly responsible to the federal government, was constituted in January 1998 as a neutral court of appeals for the thousands of people, mainly from the Balkans, who seek asylum every year in Austria.

D.H.

## ENLARGING THE COMMUNITY

*Austria leverages its historic ties with Central and Eastern Europe.*

During the Austrian presidency from July 1 to Dec. 31, 1998, the question of enlargement of the EU will be a priority, along with other points listed on Agenda 2000. At this stage, enlargement means — with the exception of Cyprus — eastward expansion, with a total of 10 candidate countries lined up and waiting to have their cases heard.

Its strong historical ties with Central and Eastern Europe (CEE) mean that Austria has an inherent interest with certain reservations, in the swift conclusion of these negotiations and acceptance of the applications. A glance at the list of countries concerned shows the reason for this urgency.

Four of the 10 — the Czech Republic, Hungary, Slovenia and Slovakia — are immediate neighbors of Austria, occupying half of its total international borders, and (with the exception of Slovakia) are on the initial list proposed by the European Commission for possible accession to the Union.

Bringing them in would consolidate the business links that were painstakingly maintained and improved during Eastern Europe's communist era and which have blossomed since the political turnaround there. A study by WIIW, the Vienna Institute for International Economic Studies, analyzes this development.

Close ties Eastern Europe, the study says, is a natural market for Austria. By the early 1980s, about 15 percent of Austrian exports were headed there, twice the share of other Western countries. A period of recession followed, but since the upheaval and opening in 1989, exports have recovered and trade exchanges in both directions are now thriving. Last year, the proportion of Austrian exports to the 10 applicant countries had again reached 14 percent and was climbing.

As Leopold Maderthaner,

president of the Austrian Economic Chamber, points out, a clear indication of his country's strong involvement with CEE countries is provided by the significant amount of Austrian direct investments in the region. In 1996, for instance, a total of about 41 billion Austrian schillings (\$3.2 billion) was invested in the area. Mr. Maderthaner estimates that there are now around 10,000 distribution and production units with Austrian participation in the region.

Minister of Economic Affairs Hannes Farnleitner is also enthusiastic about the prospects of an eastward expansion of the EU; and he is not worried about Western Europe being flooded with cheap labor (and subsequent unemployment), as predicted by the extreme right-wing opposition.

"Look," he says, "in 1989, the wage differential was 10:1, but this did not lead to a mass exodus of workers from the CEE to us. The only real evidence of mobility came from the two extremes of the professional scale, namely high-tech executives and prostitutes. And now wage scales are increasingly leveling out."

Meanwhile, active participation in Eastern Europe is being promoted by WWFF, the Vienna Business Agency. The WWFF is offering to supply countries in the region with Austria's renowned expertise in urban technologies — e.g., water treatment, refuse and hazardous waste handling, district heating and public transport. A start has been made under the auspices of the EU's INTER-REG program by establishing an Urban Technology Network (see Web site: [www.vitecc.wien.at](http://www.vitecc.wien.at)) embracing Bratislava, Bmo, Győr and Vienna.

In September 1998, contact will be established with the city of Moscow through a full-scale WWFF presentation, while smaller shows are envisaged for Ljubljana, Zagreb and Wrocław.

David Hermiges

## A VITAL ISSUE: THE ENVIRONMENT

*Austria's methods are a model for Europe.*

Over the last two decades, Austria has been one of the world's high achievers in the field of environmental protection.

Long a gratifying development for Austria's government, businesses and citizens, the country's environmental accomplishments have now become the object of Europe-wide interest, especially in Central and Eastern Europe.

Five of these countries — Hungary, Poland, the Czech Republic, Estonia and Slovenia — have been fast-tracked for accession to the European Union.

This entails bringing their environmental codes in line with EU standards and implementing other measures that will improve their environments, which are, by and large, in woeful shape.

Now in its seventh year, a Europe-wide effort is being made to assist all of the CEE countries in alleviating their environmental problems. This process reached a new high point at the 4th Pan-European Conference of Environment Ministers held on June 23-25, 1998 in Århus, Denmark, attended by ministers from 60 countries and representatives of a large number of nongovernmental organizations.

T.S.

"AUSTRIA'S EU AGENDA" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by the Austrian Federal Government. Writers: David Hermiges in Vienna and Terry Swartzberg in Munich. Program Director: Bill Mahler.

مكتبة الأمل



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June 30, 1998

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 days after publication; - bid price

McGwire Tom

SCOREBOARD



## WORLD ROUNDUP

A Joint U.S. Bid  
For 2012 Games?

**OLYMPICS** Washington and Baltimore will make an unprecedented joint bid for the 2012 Olympic Games, organizers were set to announce late Tuesday, hoping to resolve a bitter behind-the-scenes battle over the right to lead an effort that could bring billions of dollars to the region.

Washington's mayor, Marion Barry, and Baltimore's mayor, Kurt Schmoke, each will appoint as many as five board members to join a dozen executives from some of the region's largest companies on a new consolidated organizing committee.

Houston, New York and Seattle also are expected to be contenders for the 2012 Games along with international bidders, including Cairo, Johannesburg and Beijing. (WP)

## King Trial Winds Down

**BOXING** The trial of boxing promoter Don King for insurance fraud has dragged on for 10 weeks, with closing arguments set to resume Tuesday. The prosecutor, Assistant U.S. Attorney Christine Chang, accused King of lying to Lloyd's of London to force them to pay \$350,000 in nonexistent training expenses for a 1991 Cesar Chavez fight that was canceled when the boxer cut his face while sparring. (AP)

## Surgery Sidelines Klesko

**BASEBALL** Left fielder Ryan Klesko, one of the Atlanta Braves' hottest hitters in June, had his appendix removed Monday and will be out for a week to 10 days. Klesko was hitting .285 with 13 homers and 47 RBIs. (AP)

## Dallas Signs German Star

**BASKETBALL** The German basketball star Dirk Nowitzki said Tuesday he would play for the Dallas Mavericks next season rather than continuing to play in Europe. The 6-foot-11 (2.11-meter), 237-pound (108-kilograms) Nowitzki faced a Tuesday deadline to decide whether he would play for the Mavericks. Negotiations would be barred after midnight because of an NBA lockout. The Mavericks have agreed to let Nowitzki take a leave to aid the German squad's effort to qualify for the next Olympics. (AP)

## Frank Scott Dies at 80

Frank Scott, 80, the first agent to negotiate endorsements and public appearance deals for baseball players, died Sunday in a hospital in Livingston, New Jersey.

His clients included Mickey Mantle, Yogi Berra, Roger Maris, Joe DiMaggio, Willie Mays, Henry Aaron and Duke Snider.

In the days before free agency, when most players negotiated their own contracts, Scott made money for his clients through off-the-field endeavors. He was later an executive with the Major League Baseball Players Association. (AP)



Martina Hingis, who beat Tamarine Tanasugarn of Thailand on Tuesday, 6-3, 6-2.

Hingis and Williams Advance  
Sampras, Krajicek and Ivanisevic Also Go to Quarterfinals

By Jennifer Frey  
Washington Post Service

**WIMBLEDON, England**—Martina Hingis crawled out of bed at 8 A.M., far from her usual wakeup hour, and headed herself out to the All England Club, still rubbing sleep from her eyes. She is not a fan of morning matches — not that her need to yawn hampered her play. After a bumpy beginning here, Hingis is cruising toward what she hopes will be her second straight title, and she hit no bumps in her fourth-round match Tuesday.

In two top-quality fourth-round matchups, Hingis defeated Tamarine Tanasugarn of Thailand, 6-3, 6-2, then ceded Court 2 to her teenage rival, Venus Williams. And Williams, who could meet Hingis in the semis, here, steamrolled over Spain's Virginia Ruano Pascual, who helped knock her sister, Serena, out of the draw the previous day. Williams beat Pascual, 6-3, 6-1, to advance to her third Grand Slam quarterfinal in as many tournaments this year.

Hingis next will face the French Open champion, Amelie Maheo-Vicario, the fifth seed, who took three sets to defeat Dominik Van Roost, 3-6, 6-3, 6-2, on Tuesday afternoon. And Williams, the seventh seed here, plays No. 3 Jana Novotna, a 6-2, 6-3 victor over 10th-seeded Irina Spiraea.

"I guess I'm happier that Venus is really not a serve and volleyer," said Novotna, a serve and volleyer herself, "because she really has a huge serve, and if she would be coming in all the

time, it would be rather difficult."

Men's fourth-round action Tuesday also produced an interesting quarterfinal matchup: No. 1 Pete Sampras sailed to a straight-set victory only to find that his quarterfinal opponent will be Mark Philippoussis, the powerful Australian who is unseeded and making his first-ever appearance in a Grand Slam quarterfinal, but always must be considered dangerous on grass.

Two more big servers — No. 9 Richard Krajicek and No. 14 Goran Ivanisevic — also moved on to the quarterfinals with a 7-6 (7-5), 6-3, 3-6, 7-6 (7-2) victory over Todd Martin.

"They can serve and hit that's a big threat," Sampras said, whose one serve is his chief weapon. "I play Philippoussis tomorrow. He's got one of the biggest serves on the tour. Anyone that can serve like Krajicek or Goran or Philippoussis — when they get their serve going and they get hot, it's very tough to beat them."

Unseeded Jan Siemink of the Netherlands and Davis Sanguinetti of Italy rounded out the men's field of eight with victories Tuesday, joining Monday winners No. 10 Tim Henman and No. 3 Petr Korda, who will square off Wednesday on Centre Court.

Hingis has played all her early matches on the stadium courts, but she trotted out to Court 2 late Tuesday morning and did her best to

remain there as briefly as possible.

After fighting her way through the first sets of both her first- and second-round matches, she didn't let a little sleepiness keep her from throwing "Tanasugarn" off-balance from the start. And she finished in barely more than an hour, her serve broken just once.

"I was still sleeping, you know, in practice," said Hingis.

Despite her status as the top seed and defending champion, Hingis has been overshadowed by both the comeback attempt of Steffi Graf — who lost here last Friday — and the dynamic Williams sisters, who have so captured the interest of the sporting public that the British Broadcasting Corporation shunned the featured Centre and Court 1 matches earlier Tuesday and instead aired Venus' live, from Court 2. (They also aired Hingis' match.)

"I'm quite happy," Hingis said, shrugging. "I don't think I have a bad image out there."

Hingis tabbed Monica Seles as the player to watch in the women's draw, and she's certainly the player Hingis most fears. Seles, who crushed Hingis in the French Open semifinals, appears even fiercer here at Wimbledon and has had next to no trouble in the first four rounds.

She plays Natasha Zvereva, the only unseeded quarterfinalist, but a dangerous player who already upset Graf here last Wednesday. No. 2 Lindsay Davenport and No. 16 Nathalie Tauziat meet in the other quarterfinal in that half of the draw.

## NBA Locks Out Players, but the Crunch Won't Come Until Fall

Los Angeles Times Service

**LOS ANGELES**—Labor Day came early in the National Basketball Association when the commissioner, David Stern, announced a lockout starting Tuesday night at midnight.

If this sounds ominous, it means so little immediately that basketball people are celebrating it as the start of their summer vacations.

Said one general manager, laughing, before Stern's conference call Monday, "I've already got my flip-flops on."

So, without further ado, our guide to the Summer of Labor:

There will be no contact between teams and players for the duration. Teams can't sign players, but they can summer-league teams or work them out.

Three years ago, Stern locked out the players for the first time and shook them up. This time, though, the players say they're prepared.

Stern said Monday it would take about four weeks after an agreement was reached for teams to sign free agents and conduct camps.

They can probably do it in two. Since the season is supposed to open on Nov. 1, that suggests mid-October as the final real deadline.

The league has asked for a hard salary cap, with the Larry Bird exception thrown out. This is the rule that allows teams to re-sign their own veteran free agents regardless of salary cap constraints. The league has proposed phasing out the exception. The players want to retain the rule in its current form.

Since that has been a part of all deals since the cap was introduced in 1984, the union reasonably terms this a "giveback."

Vantage Point/MARK HEISLER

The league counters in a conciliatory tone, at least in press conferences, that this isn't a give-back, since it is not seeking to cut the revenue allotted for the players, currently at \$1 billion, or about \$2.5 million per union member.

While football and baseball took a series of strikes that ran the gamut from "bad PR" to "ruinous," the NBA avoided trouble because it had to.

Before the onset of prosperity in the '80s, professional basketball was a hand-to-mouth existence and couldn't afford strikes.

The union was "battle-tested," having won its spurs in a single action, a threatened strike of the 1964 All-Star game in Boston, led by Tom Heinsohn and Bob Cousy. After much shouting, the players got their pension plan, and after that, ownership didn't mess with them.

The NBA commissioners, Walter Kennedy, Larry O'Brien and Stern forged such a good working relationship with union head Larry Fleischer that they were able to take a revolutionary step together with the first salary cap in 1984.

Fleischer's death, however, left a vacuum at the top of the union. Charles Grantham, who succeeded him, was sacked during the 1995 negotiations for expense-account irregularities. His successor, Simon Gourdine, was not a former NBA deputy commissioner but politically tone-deaf enough to try an end run around the powerful agents' advisory committee.

The agents overturned the deal. Stern gave a little more, Gourdine agreed anew, and the agents

struck again, trying to decertify the union. That move failed, and the revised deal was adopted but with players grumbling that they'd been run over again.

In fact, it didn't turn out to be an "owners' deal" or a "players' deal" but a "stars' deal" — and the stars and their agents are now in charge.

Stern, who cannot have missed the union's hostile turn, knows that he's putting the league's 100-percent labor record in jeopardy. This suggests — and league sources agree — that Stern isn't worried about his old record, and isn't bluffing.

"The players insist they aren't, either."

"There's not a lot of middle ground now," the union's spokesman, Dan Wasserman, said Monday from New York.

Stern isn't known for getting himself into things he hasn't thought through.

If recent strikes suggest anything, it was that a league could be forgiven — as the National Hockey League was, by and large — if it took a strike early but salvaged its season and playoffs. If there was one thing to avoid, it was to let a union gain control of the playoffs — as happened in baseball.

Stern remains a power, perhaps the last powerful commissioner, so this will be a test for him. Sources suggest he's still riding tall in the saddle, his owners falling in line behind him, even if some don't like the idea.

The players are like an army that hasn't had to fight for a while — or in these players' cases, in their lifetimes — who knows?

## McGwire Tops NL All-Star Balloting

The Associated Press

Mark McGwire of the St. Louis Cardinals, who is leading the majors with 36 homers, was the top vote-getter in the National League for the July 7 All-Star game, the league announced Monday.

McGwire was the fans' choice to start for the sixth time overall, the first five coming when he played for Oakland.

"I think it's going to be great," McGwire said over the weekend. "It's been great that I've been able to play in the All-Star game so many years for the American League, and now I get to do it for the National League."

Sammy Sosa, whose 19 home runs in June set a major league record for most homers in any month, has to hope he is picked as a reserve for the game, which will be played at Coors Field in Denver.

The Chicago Cubs star, who has hit 32 homers, finished sixth among outfielders and was only 12th overall in the fan voting.

New York Mets catcher Mike Piazza, the NL's top vote-getter the last two

years while with Los Angeles, earned another starting spot. He was the first Mets player picked to start since Darryl Strawberry in 1989.

Larry Walker of the host Colorado Rockies will start in the outfield, along with San Diego's Tony Gwynn and San Francisco's Barry Bonds.

Atlanta third baseman Chipper Jones, Atlanta shortstop Walt Weiss and Houston second baseman Craig Biggio join McGwire in the NL's starting infield.

McGwire, expected to highlight the home-run derby a day before the game, received 3,777,145 votes and finished far ahead of runner-up Andres Galarraga (880,142) of Atlanta.

Piazza was second overall in NL voting at 2,731,079. Charles Johnson (811,813), who took Piazza's place behind the plate in Los Angeles, was second.

In close votes, Weiss earned his first All-Star appearance by edging Cincinnati's Barry Larkin, 1,599,600 to 997,591. Jones (1,574,512) beat out

Colorado's Vinny Castilla (1,343,129).

In the outfield, Gwynn (2,483,229), Bonds (1,897,156) and Walker (1,744,949) finished ahead of Colorado's Dante Bichette (1,213,700), Houston's Moises Alou (1,205,369) and Sosa (1,112,234).

Gwynn will be making his 11th start in the All-Star game, while it will be the eighth appearance for Bonds and the third for Walker.

The best finish for any player from the stripped-down World Series champion Florida Marlins was eighth by shortstop Edgar Renteria. Florida's Jim Leyland will manage the NL team.

Nearly six years after becoming acting commissioner, Bud Selig is set to take the job on a permanent basis when owners meet July 9 at Chicago.

Electing the commissioner is the top item for the special meeting, which was confirmed by an NL owner who spoke on the condition of anonymity. Owners also are expected to finalize the format of the 1999 schedule at the session.



The Cardinals slugger Mark McGwire, who leads the major leagues with home runs, waving to fans.

'Play Ball' Isn't Cried  
First Time Since '73

The Associated Press

Major league baseball took a rare day off Monday, with not a single team in action.

It was the first time since April 30, 1973 — aside from All-Star breaks and labor stoppages — that there had been a day during a season without any games.

"I was stunned when I realized it hadn't happened in 25 years," said Seymour Siveroff of the Elias Sports Bureau, which compiles the big league statistics. "I think it's just a matter of pure coincidence."

Had there been a rainout during the recent interleague series, it could have been made up Monday. But there were none.

"It was a wonderful rain protection date, but it wasn't scheduled that way," said Katy Feeney, vice president of the National League. "With interleague play, it just happened."

Every team in the majors was scheduled to play each day last week, and Monday became a break for all of them.

All 30 teams were scheduled to play Tuesday, with 14 interleague games plus a National League game between the Arizona Diamondbacks and the Chicago Cubs.

## SCOREBOARD

## BASEBALL

## MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE					National League		
	W	L	Pct.	GB.			
New York	35	20	.633	—	San Francisco	35	20
Boston	32	23	.585	3 1/2	Los Angeles	32	23
Toronto	27	28	.491	8 1/2	Atlanta	27	28
Seattle	27	28	.491	8 1/2	San Diego	27	28
Minnesota	24	31	.436	11 1/2	St. Louis	24	31
Chicago	24	31	.436	11 1/2	Philadelphia	24	31
San Diego	24	31	.436	11 1/2	Pittsburgh	24	31
Los Angeles	24	31	.436	11 1/2	Cincinnati	24	31
California	24	31	.436	11 1/2	Washington	24	31
CENTRAL DIVISION							
Cleveland	46	30	.605	—	St. Paul	46	30
St. Louis	35	39	.475	10 1/2	Chicago	35	39
Minnesota	35	39	.475	10 1/2	Philadelphia	35	39
Chicago	33	47	.413	13 1/2	Washington	33	47
Detroit	28	52	.346	18 1/2	San Francisco	28	52
WEST DIVISION							
Seattle	48	32	.600	—	Los Angeles	48	32
San Francisco	44	36	.556	2 1/2	San Diego	44	36
Los Angeles	36	44	.450	12	San Francisco	36	44
Portland	34	48	.415	15	Seattle	34	48
Seattle	34	48	.415	15	Portland	34	48
NATIONAL LEAGUE							
BOSTON DIVISION							
New York	35	20	.633	—	St. Louis	35	20
Boston	32	23	.585	3 1/2	Philadelphia	32	23
Toronto	27	28	.491	8 1/2	Pittsburgh	27	28
Seattle	27	28	.491	8 1/2	Cincinnati	27	28
Minnesota	24	31	.436	11 1/2	Washington	24	31
Chicago	24	31	.436	11 1/2	San Francisco	24	31
San Diego	24	31	.436	11 1/2	Los Angeles	24	31
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WEST DIVISION							
Seattle	48	32	.600	—	Los Angeles	48	32
San Francisco	44	36	.556	2 1/2	San Diego	44	36
Los Angeles	36	44	.450	12	San Francisco	36	44
Portland	34	48	.415	15	Seattle	34	48
Seattle	34	48	.415	15	Portland	34	48

## NATIONAL LEAGUE

## MAJOR LEAGUE STANDINGS

35	23	.678	5 1/2
39	48	.449	12 1/2
39	48	.449	12 1/2
28	58	.329	17 1/2
28	58	.329	17 1/2

**CONGRUENT RESULTS**  
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## NATIONAL LEAGUE

## MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE				HOME RUNS—McGwire			
Boston	51	7	273	48	93	246	39
1. White Sox	47	11	233	79	91	224	36
2. Coors	51	7	266	41	89	236	34
3. Atlanta	48	10	266	49	103	234	34
4. California	48	10	233	79	91	224	36
5. Seattle	47	11	266	41	89	236	34
6. Houston	48	10	216	71	104	229	33
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186. Seattle	48	10	216	71	104	229	33
187. Seattle	48	10	216	71	104	229	33
188. Seattle	48	10	216	71	104	229	

## JAPANESE LEAGUES

## CENTRAL LEAGUE

W	L	T	Pct.	GB
Yokohama	25	15	.625	—
Yomiuri	24	16	.600	1 1/2
Chunichi	23	17	.573	2 1/2
Hiroshima	22	18	.548	3 1/2
Hanshin	21	19	.524	4 1/2
DeNA	20	20	.500	5 1/2
Yokohama	19	21	.476	6 1/2
Yokohama	18	22	.451	7 1/2
Yokohama	17	23	.426	8 1/2
Yokohama	16	24	.400	9 1/2
Yokohama	15	25	.375	10 1/2
Yokohama	14	26	.350	11 1/2
Yokohama	13	27	.325	12 1/2
Yokohama	12	28	.300	13 1/2
Yokohama	11	29	.275	14 1/2
Yokohama	10	30	.250	15 1/2
Yokohama	9	31	.225	16 1/2
Yokohama	8	32	.200	17 1/2
Yokohama	7	33	.175	18 1/2
Yokohama	6	34	.150	19 1/2
Yokohama	5	35	.125	20 1/2
Yokohama	4	36	.100	21 1/2
Yokohama	3	37	.075	22 1/2
Yokohama	2	38	.050	23 1/2
Yokohama	1	39	.025	24 1/2
Yokohama	0	40	.000	25 1/2

## JAPANESE LEAGUES

## PACIFIC LEAGUE

W	L	T	Pct.	GB
Nippon Ham	24	16	.600	—
Kia Tigers	23	17	.573	1 1/2
Saitama	22	18	.548	2 1/2
Yokohama	21	19	.524	3 1/2
DeNA	20	20	.500	4 1/2
Yokohama	19	21	.476	5 1/2
Yokohama	18	22	.451	6 1/2
Yokohama	17	23	.426	7 1/2
Yokohama	16	24	.400	8 1/2
Yokohama	15	25	.375	9 1/2
Yokohama	14	26	.350	10 1/2
Yokohama	13	27	.325	11 1/2
Yokohama	12	28	.300	12 1/2
Yokohama	11	29	.275	13 1/2
Yokohama	10	30	.250	14 1/2
Yokohama	9	31	.225	15 1/2
Yokohama	8	32	.200	16 1/2
Yokohama	7	33	.175	17 1/2
Yokohama	6	34	.150	18 1/2
Yokohama	5	35	.125	19 1/2
Yokohama	4	36	.100	20 1/2
Yokohama	3	37	.075	21 1/2
Yokohama	2	38	.050	22 1/2
Yokohama	1	39	.025	23 1/2
Yokohama	0	40	.000	24 1/2

## TRANSITIONS

## BASEBALL

## AMERICAN LEAGUE



**WORLD CUP BRIEFS**

**Police Officer Said To Be Improving**

A French policeman in a coma since being attacked by German soccer hooligans after a June 17 World Cup match is showing signs of improvement, doctors said Tuesday.

Doctors treating Daniel Nivel, 44, said he was reacting to stimulation. They said there were signs he was gradually coming out of the coma, although they stressed that his condition was still critical.

Nivel was hit on the head with an iron bar minutes after a World Cup match between Germany and Yugoslavia, when groups of neo-Nazis rampaged through Lens, a town in northern France. Two Germans have been placed under formal investigation for attempted murder. (AP)

**Germans Tuned In**

More than 24 million German viewers watched their team beat Mexico, 2-1, to earn a quarterfinal place in the World Cup, public broadcaster ZDF said Tuesday.

The match posted a market share of 83 percent, rising to 85.8 percent in the second half. Only Germany's comeback 2-2 draw with Yugoslavia last week produced higher overall ratings, ZDF said. (Reuters)

**What's the World Cup?**

Four years after the World Cup was played in the United States, just 52 percent of adults in the United States knew the World Cup is a soccer competition and only 25 percent were aware it is being played in France, according to a survey released Tuesday by Lou Harris & Associates.

Just 19 percent of Americans have watched a World Cup game, according to the survey. The poll was conducted from June 17 to 22 among 1,000 adults and has an error margin of 3 percent. (AP)

**Matthäus Tops Record**

Lothar Matthäus of Germany became the World Cup record holder for number of matches played with 24 as Germany defeated Mexico, 2-1. Matthäus has 15 victories, six draws and three losses in his cup career. (AP)

**Platini Calls the Tune**

Love it or loathe it, there's one innovation you can't get away from at this World Cup: loud electronic music in the stadiums after every goal.

And if you don't like it, you can blame Michel Platini. FIFA revealed that the blaring chords are the brainchild of the former French captain and head of the organizing committee.

"It's a personal choice of Michel Platini," said Keith Cooper, a spokesman. "Some people like it, some don't." (Reuters)

**Saudis Hire New Coach**

Saudi Arabia, eliminated from the World Cup in the first round, has hired the German trainer Otto Pfister as coach, the Saudi Football Federation said Tuesday. (Reuters)



Christian Vieri, suffering from sore muscles, leaving practice Tuesday.

**Tiny Croatia Now Makes a Big Mark in Soccer, Too**

By Christopher Clarey  
International Herald Tribune

BORDEAUX — Croatia does not take up much space on the map of Europe. It is a scenic sliver of land on the Dalmatian coast attached to a slightly bigger chunk inland with the capital, Zagreb, as its hub. But Croatia is big enough to provide a homeland to one of the planet's better soccer teams, and on Tuesday that team advanced to the quarterfinals in its first World Cup with a 1-0 victory over Romania that was more emotional than sensational.

The lone goal of the afternoon came on a penalty kick from Davor Suker in

**CROATIA 1, ROMANIA 0**

the second minute of injury time in the first half.

"Never has a country as small as Croatia come up with a result like we did today," said the Croatian coach, Miroslav Blazevic, whose team will face Germany in the quarterfinals on Saturday in Lyon.

Sports and marketing have become inextricably intertwined in this bottom-line, celebrity-driven era, but nations have been using sports as a marketing tool for centuries, and Croatia, a country of about 4.7 million people that split from Yugoslavia seven years ago, has no shortage of athletic ambassadors.

It won the gold medal in team handball at the 1996 Summer Olympics; its basketball players, including Toni Kukoc and Dino Radja, have played and played well in the NBA. Tennis player Iva Majoli won the French Open, and Goran Ivanisevic would already have won Wimbledon if his powers of concentration had even come close to the power of his serve.

Now, two years after reaching the quarterfinals of the European championships, it is the soccer team's moment to take another star turn, and Blazevic, the bespectacled, chain-smoking friend of the Croatian president, Franjo Tudjman, clearly was delighted to have excellent news to report.



Romania's goalkeeper, Bogdan Stilea, center, blocking the ball Tuesday in front of Croatia's Davor Suker, left.

"It isn't just sport; there are political repercussions, too," he said.

"Before this match, maybe 5 percent of the people knew Croatia. Now, maybe 15 percent know. So of course that is important to our country."

It has been a World Cup of many matches and precious few surprises. The traditional soccer powers have had their way with the parvenues.

Croatia does not quite qualify as an underdog—not with players like Suker, captain Zvonimir Boban and Robert Jarni—but it is one of two quarter-

finalists, along with Denmark, who have had at least a little fun at the expense of the pecking order in France.

Before this event began, the Croats' former countrymen, the Yugoslavs, were the team that was widely considered the bigger threat from the Balkans.

The Croats had played well only in patches during World Cup qualifying, drawing with Greece and Slovenia and losing to Denmark, 3-1, which now seems a lot less disturbing in light of the Danes' success here. Croatia's chances

were also hurt by a knee injury to the team's star striker, Alen Boksic, who had to be dropped from the team.

"We really miss Alen," Blazevic said before this game and after his team lost to Argentina, 1-0, in its final group game last week.

But Croatia still has Suker, its other world-class striker who is fresh and in fine fettle after spending much of last season on the bench at Real Madrid.

When Suker got his chance to take a penalty kick in the 47th minute, he did not flinch and hit the crossbar.

Suker had helped earn his penalty kick by letting a pass slip through his legs to teammate Aljosa Asanovic, who was being marked in the penalty area by Romanian midfielder Gabriel Popescu. There was contact.

Asanovic tumbled to the grass, and referee Javier Alberto Castrilli of Argentina pointed to the penalty mark. Suker quickly converted the penalty kick, but his celebration was cut short because one of his teammates had run into the box too early. The kick had to be retaken, but the 30-year-old Suker calmly put the ball past goalkeeper Bogdan Stilea again in the same lower right corner of the goal.

Stilea would not be beaten again, and if not for his fine play, he and his odd-mixed teammates would have lost by a lot more than one goal. The Romanians and their creative captain, Gheorghe Hagi, whose sobriquet is "the Maradona of the Carpathians," were surprise quarterfinalists in the last World Cup. But despite coach Anghel Iordanescu's sage decision to mix younger players like striker Adrian Ilie with the veterans this year, Romania often looked unsettled, even unenthused, on Tuesday.

After dying their hair a toxic shade of yellow after defeating England in their second group match, they did not win another match: drawing with Tunisia and losing to Croatia, and when the Hagi era ended, Hagi was no longer on the field, having been replaced in the 57th minute with what he explained was a sore groin.

It is unclear whether the 32-year-old Hagi has played his last for Romania.

But Iordanescu, the army general with the tactical mind, is definitely leaving. He already has signed a contract to coach Greece. While he heads for Athens, the Croats will head for Lyon and a rematch with the German team that defeated them in the quarterfinals of the last European championship.

"The Germans are our friends," Blazevic said. "And as everyone knows, there is no greater pleasure in sport than to beat your friends."

**Soccer Victory Spotlights and Helps Heal Dutch Racial Divide**

International Herald Tribune

SAINT ETIENNE, France — Orange is the color of the Dutch, but it is the rediscovery of black and white that has brought the Netherlands toward full bloom in the World Cup.

On Monday in Toulouse, very late into the remaining seconds of a technical stalemate between the Netherlands and Yugoslavia, Edgar Davids fired in a shot from 18 meters that, with deviation off a defender, became his very first goal for his country. There was luck in the strike, but reward for Davids' tireless energy and his opportunism.

Yugoslavia had no time to equalize, and now retreats to Belgrade or wherever the players have made their home. The Netherlands advances to the quarterfinals, and onward toward a new harmony. In the immediate aftermath of its victory came a melee of embraces for Davids, from as many players as could get to him, suggesting that the racial divide within Dutch soccer is capable of being healed.

We should share the relief of that. For when, two years ago at Euro 96, the Netherlands team broke apart, when Davids skulked away from the camp muttering about white players with their faces in the backside of the coach, he brought to the surface a rift that was not only racist but also born of the conflict

between established senior players and the new, irreverent, young ones.

The failure of the Dutch to fulfill their obvious fine technique and their fluent adaptability was blamed on what was termed the "cable" — the bond between black players of Surinamese descent. Somehow the blending that makes Brazil so beautifully color-blind, so importantly integrated, had become strained in the Netherlands.

Somewhat the uplifting contributions of Ruud Gullit and Frank Rijkaard, adding spontaneity and smoothness to the Dutch Oranje was threatened as a quirk of history rather than a path to follow.

Somewhat, the essence of soccer as a team game that crosses the boundaries of race, color and creed was endangered in a country where liberty is so cherished.

There have been many advisers close to Guus Hiddink, the coach in 1996 and the coach today, who implored him to make life easier on himself, to excommunicate Davids and his midfield pal, Clarence Seedorf, from the group.

To omit, too, Patrick Kluyvert, the striker whose misdeeds off the field trouble the law and the conscience

of large numbers of his kinfolk who look for a better example to set before their children.

Hiddink, however, is a widely traveled man. His time as a player in the Netherlands and the United States has schooled him as a quietly determined fellow, one who seeks a way to blend the talents of players and to try to be tolerant toward the headaches they cause him and the risks inherent in performing duties more akin to social worker than team trainer.

He pursued and persuaded Davids to come back to the Dutch dressing room. He counseled that, though 25, Davids is irrepressibly boyish in his makeup.

Many an effective player embodies the spirit of childishness in the body of manhood. It is sometimes the quality that sustains an athlete, makes him strive for that unexpected moment, strike out for a goal in injury time even though he has never scored for the team before.

Davids is a player reborn after his few months at Juventus where — running, running, forever running — he rejuvenated the Italian club to another Serie A title.

Hiddink saw this, and told his senior players that this was energy they could

use, could channel for the benefit of a World Cup challenge.

On Monday, Davids answered that. With Seedorf at his side, he was the heart of the Dutch midfield, the cell of dynamism that gradually wore down a Yugoslav side of equal technical ability.

"It's a matter of quality," Hiddink had said before the tournament. "Davids has it, and that's why he's back." The key to the coach's work has been to impress on those whose position would normally be guaranteed that their work will become enriched, not diluted, by the return of such a talent. The De Boer twins, the defensive Frank and play-anywhere-man Ronald, are in a category that would be coveted by any country; Frank organizes the team and leads by left-foot example, Ronald prefers central midfield but performs with uncomplicated effectiveness for the team on the right.

DENNIS Bergkamp, scoring his 35th goal Monday for the Netherlands, is beginning to take upon himself the responsibility for making things happen in attack — another leadership role that has been a long, pervasive task for the player considered the link between past and present Dutch eras.

And Hiddink has not waited in the

solitary confinement of a soccer coach's mind for all this to reach maturity just because he wishes it. He makes the final decisions, but he has recruited three former players as his technical triumvirate: Johan Neeskens, Ronald Koeman and Frank Rijkaard.

It would be factually correct to observe that they represent a cross-section of recent Netherlands teams. But it would be wrong to read into things that Rijkaard, for example, was engaged because of his color or because he might lobby for players who are young, wayward and black.

The technical trio are a buffer between coach Hiddink and the myriad pressures on a team manager, but they are chosen because they have been a part of Dutch teams that have been to the finals, and almost won them.

So often the cause has slipped through Holland's grasp. So often has talent been betrayed by temperament, distracted by commercialism and sometimes by assuming the prize would come without sacrifice or without communal effort.

The three coaching assistants are there to remind the current squad that it ain't so.

Rob Hughes is Sports Correspondent for the Times of London.

**Before the Cup, No One Noticed Italy's Vieri, Now the Star**

By Steven Goff  
Washington Post Service

THE beginning of the World Cup brought predictions of all sorts with Brazil against almost anyone else in the championship game, more red cards, fewer scoreless matches.

When the subject turned to the tournament's high scorer, picking the top candidates was as easy as converting a penalty kick: Ronaldo of Brazil, Gabriel Batistuta of Argentina, Alan Shearer of England, Oliver Bierhoff of Germany.

No one mentioned Christian Vieri of Italy — and for good reason. He had made only eight international appearances and wasn't even regarded as the greatest scoring threat on his team. That label was affixed to emerging superstar Alessandro Del Piero, or, if he wasn't up to the task, to 1994 hero Roberto Baggio.

But as the World Cup continues through the elimination rounds, Vieri tops the charts with five goals in four matches to lift Italy into contention for a fourth world title.

He struck for the only goal Saturday as Italy eliminated Norway in the round of 16 at Stade Velodrome and earned a quarterfinal showdown with France on Friday in Saint-Denis near Paris.

"It is true — at the moment I'm going through a very good period," Vieri said. "Five goals is great, and of course, I am very happy. I want to do better, I want to score more goals. But above all, I want to go as far as possible in the competition with this team."

Although only 24, Vieri has made many stops on his odyssey to soccer stardom. He was born in Bologna but lived until age 9 in Australia, where his father, Boh, went to play after many years in the famed Italian League. He converses in Italian most of the time but also is one of the few national team players who is fluent in English.

Vieri returned to Italy, and at 15 signed his first contract, with Prato in the Third Division. Then it was off to the big time, to play for his dad's old club, Torino, but he played in only seven Serie A matches in two-plus seasons and went searching for a new home. There were stays with Pisa and Ravenna, obscure clubs in the Second Division, before returning to the top league with Atalanta. There, he established himself as a scoring threat on the national scene with seven goals in his only season.

Spotting the potential for Italy's next great scorer, the legendary club Juventus bought Vieri's contract in 1996 to bolster an attack that already

included Del Piero and Croatia's Alen Boksic. An injury to Boksic opened a starting spot for Vieri, who seized the opportunity and formed a dangerous tandem with Del Piero as Juventus won the league title and advanced to the European Cup final.

It seemed to be the beginning of a long, prosperous career at Juventus, which is known as "The Old Lady" of Italian soccer. But as in the United States, professional sports is big business in Europe, and seeing a chance to profit from its wealth of scoring talent, Juventus last summer sold Vieri to Spain's Atletico Madrid for 34 billion lire — about \$20 million — in one of the most expensive transfers ever. His four-year contract pays him an estimated \$1.5 million per season.

In his first season in Spain, Vieri and Atletico finished tied for fifth in La Liga with a 16-10-12 record. His arrival, however, helped Atletico lead the league in scoring with 79 goals, one more than champion FC Barcelona.

While Vieri has made steady progress in his pro career, his national team status has slipped. He got his first break from the current national team coach, Cesare Maldini, then the under-21 coach who called him up to that juniors squad. In his first international appearance for the full national

team, in a March 1997 victory over Moldova in a World Cup qualifier, Vieri scored Italy's 1,000th all-time goal. Later last year, he scored a crucial goal in Italy's triumph over Russia in a World Cup qualifying playoff series.

In the World Cup, serving as the target man on a forward line with the crafty Del Piero or Baggio in a supporting role, Vieri has emerged as Italy's most dangerous player.

"Since the beginning of the competition, Maldini said, 'Christian has lived up to our expectations. He's a player that keeps getting better, as we saw again.'"

Vieri scored 10 minutes into Italy's first World Cup match, during a 2-2 tie with Chile. He added two second-half goals to allow Italy to pull away from Cameroon, 3-0. And he scored the first goal in a 2-1 victory over Austria in the Group E first-round finale.

"I'm very pleased to be the top scorer in the competition," Vieri said, "but the important thing is Italy is in the last eight. I am glad we have passed our final game yet."

He would like nothing more than to play his final World Cup game on his 25th birthday, July 12 — the date of the championship game at Stade de France.

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## OBSERVER

## Two Scoops, Please

By Russell Baker

NEW YORK — No, I am not shocked by news that writers for The Boston Globe and The New Republic have been serving up fiction dressed as fact.

They shouldn't have done it. Of course not. But let the truth be said: Few forms of human activity lend themselves so readily to fakery as journalism.

There is, to begin with, the tradition of the "source." The "source" must be protected at all costs. Rather than tell anyone who the "source" is, the reporter must be willing to hang shackled to dungeons walls or do time on a chain gang.

Betraying a "source" is as unspeakable as a New York cop telling investigators which of his colleagues beat the prisoners with knouts and horsewhips. Betraying a "source" is to dishonor the profession, as journalists are apt to miscall their trade when they assemble to be solemn about themselves.

It is not a profession, of course. The journalist is always a hired hand, and there is always a boss who can have his head at a whim if angry enough to challenge the journalist's union.

Still, the journalist has something akin to a code of ethics, and one ironbound rule is that a "source" must never be betrayed.

The problem about "sources" is that, because their existence is known only to the journalist, it is possible for them not to exist at all.

When the competition becomes murderous, as in the Monica Lewinsky story, for instance, the temptation to in-

vent "sources" can obviously lead to perdition for a reporter with an insecure boss leaning on him to produce something... anything... fast!

What we are talking about is simply cheating. You encounter a lot of it every day in many a realm; why suppose that the percentage of it among journalists is lower?

"Scoop," the Evelyn Waugh classic and hilarious satire on journalism, supposes an unprincipled business in which fakery is a way of life. In "Scoop," everything is fraudulent, including the hero, an innocent nature lover forced to pass himself off as an ace war correspondent because of a stupid publisher and cynical editors.

Waugh's reporters file three- and four-word messages from a primitive jungle state with a war in progress. These are expanded by editors in London into sensational accounts of events that didn't happen.

Competition's devastating effect on careful journalism is brutally and embarrassingly illustrated by Steven Brill's article, "Pressgate," in the first issue of his new magazine, Content. Brill's study describes something like a media panic that occurred with the Monica Lewinsky story.

Under pressure not to be scooped, news people published whatever was "out there," without pausing to confirm it by the usual methods or, sometimes, even to discuss whether it was worth throwing at the public.

Now that television never sleeps, and on an intensely competitive story he who stops long enough to check must lose the race.

New York Times Service

## Reinventing America? Just Leave It to London

By Alan Riding

New York Times Service

LONDON — If New Yorkers have recently come away with the impression that British theater is taking over Broadway and its environs, they may feel reassured to know that American culture is alive and well in London these days — and not just through those peculiarly American art forms, the Broadway musical and the Hollywood blockbuster.

Thanks to "Inventing America," a \$4.8 million festival organized by the Barbican Center and sponsored by American Airlines, London is being offered a smorgasbord of U.S. arts through a program of theater, dance, visual arts shows, opera, classical and contemporary music, jazz, and cinema, running from January through November this year. The Barbican has called it the biggest festival of American culture ever held outside the United States.

While the latest American imports, like the musicals "Rent," "Show Boat," and "Chicago," have no difficulty in finding West End theaters eager to receive them, only a subsidized arts center like the Barbican — it has a \$38 million annual grant from the city of London — is able to present less commercial aspects of American culture.

"We wanted, quite unapologetically, to reflect the fact that the United States is one of the major cultures of the 20th century," Graham Sheffield, the Barbican Center's arts director, said of "Inventing America." "The public's reaction has been enthusiastic."

Half the audiences are people coming to the Barbican for the first time.

John Tusa, the center's managing director, is no less delighted by the response because the American festival is also the highlight of what has been tagged the Reinventing of the Barbican, a strategy provoked by the Royal Shakespeare Company's decision not to use the center, its traditional Lodoos base, from May through November each year. "We decided that this offered an opportunity to mount our own season," Tusa said.

"Inventing America" nonetheless aspires to more than simply filling the gap left by the Royal Shakespeare Company. The program began with art exhibitions and concerts well before the company ended its 30-week season in May.

One of the highlights of the fall will be Peter Sellars' production of the Chinese classic opera "The Peony Pavilion," with the New York-based Chinese composer Tan



John Tusa, the Barbican's managing director, is delighted by the response.

Dun fusing traditional and new music for the occasion. This production, which will later travel to Paris, Berkeley, California, and New York, is a much shorter version of the opera than the Kunqu Opera Company production that has thus far been prevented by Shanghai cultural officials from traveling to New York for next month's Lincoln Center Festival.

Sooo to be seen for the first time in Britain are David Feldshuh's play "Miss Evers' Boys"; "2.5 Minute Ride," by the writer and performance artist Lisa Kron; Roger Guenveur Smith's one-man show, "A Huey P. Newton Story," and "The Man Who Came to Diner" by George S. Kaufman and Moss Hart in a new production by the Steppenwolf Theater Company in Chicago.

Perhaps the greatest novelty, though, is the dance program, because it reflects Sheffield's determination to give contemporary American and international dance a London home. Until now, the likes of Mark Morris and Pina Bausch were regulars only at the Edinburgh Festival.

"Inventing America" will be presenting the Twyla Tharp Dance Company in July

and the Merce Cunningham Dance Company in October as well as an all-American music program by the British choreographer Siobhan Davies.

The visual arts centerpiece this summer is "The Warhol Look," a touring exhibition organized by the Andy Warhol Museum in Pittsburgh focused on the artist's obsession with glamour, style and fashion.

During the fall, the center will present a different kind of photography in "Native North American: Photographs From the Edge," which will include about 300 images of Indians made between 1850 and 1914 as well as photographs of indigenous tribes taken around the turn of the century, by Edward Curtis.

In classical music, the Barbican Center has the advantage of being the permanent residence of the London Symphony Orchestra. It will give numerous concerts of American music, including four programs in which John Williams will conduct his own compositions, and a celebration of Elliott Carter's 90th birthday to be conducted by Pierre Boulez. Orchestras and ensembles visiting from

the United States include the New World Symphony Orchestra under Michael Tilson Thomas, the Minnesota Orchestra, the Detroit Symphony Orchestra, and the Emerson String Quartet.

Among soloists who have already performed here — or will in the fall — are the sopranos Barbara Bonney, Kathleen Battle, Dawn Upshaw and Barbara Hendricks, the baritone Thomas Hampson, the tenor Jerry Hadley, and the violinist Itzhak Perlman.

Presumably appealing to a different audience is the program of contemporary American music. The jazz section is particularly rich, with the drummer Max Roach performing gospel songs with a New York choir and performances by Herbie Hancock, Sonny Rollins and George Russell. Another section, "Sing It Loud (I'm Black and Proud)," focuses on the musical contribution of African-Americans in everything from soul and blues to rock and rap, with Ray Charles and James Brown on the program.

The organizers of this festival can hardly aspire to putting on something this large every year, but they are determined to reinforce the center's international profile by institutionalizing what they called the Barbican International Theater Event as a way of drawing more unconventional theater to Britain.

Already this year's non-American program involves a production by St. Petersburg's Maly Drama Theater of "The Possessed" by Dostoyevsky and a Japanese version of "Hamlet," directed by Yukio Ninagawa.

"We can now fill a yawning gap in the London theater scene," Sheffield said of life without the Royal Shakespeare Company. "I imagine our becoming a mixture of the Brooklyn Academy of Music and the Edinburgh Festival."

Indeed, "Inventing America" may itself help smooth the way for more noncommercial American culture here.

It has prompted some Britons to think twice before engaging in what one critic called "sneering" about the "serious" arts in the United States.

"Behind our easy snobbery is a sense that Americans spend their lives slobbered out either behind a wheel or in front of a television," the critic Simon Hoggart wrote in The Guardian, "as if most Britons were any different, except in the greater poverty of our aspiration. The fact is that America is sufficed to the gunwales with artistic talent and enterprise. It just doesn't always take the same form as traditional European pursuits."



HONORED — Culture Minister Catherine Trautmann with the film director Neil Jordan, left, and the singer-songwriter Van Morrison, who were made officers of the Order of Arts and Letters on Tuesday in Paris.

## PEOPLE

THE King is set to become the second performer to become a Hall of Famer in both rock 'n' roll and country music. Elvis Presley will be inducted Sept. 23 into the Country Music Hall of Fame, the Country Music Association said. Currently, only Johnny Cash is honored at both the Hall of Fame museums, in Nashville, Tennessee, and Cleveland.

The actor Sylvester Stallone announced that his wife, Jennifer Flavin, gave birth to their second daughter, Sistine Rose. The couple, who wed in 1997, have a 22-month-old daughter, Sophia Rose, who underwent surgery last fall to repair a hole in her heart. Stallone's publicist said Sistine Rose was healthy.

Leonardo DiCaprio settled his lawsuit against Playgirl, which had sought to publish nude photographs of the star of "Titanic" in its July issue. Terms of the settlement were not released. "The parties amicably settled their differences," said Kent Raygor, attorney for Playgirl. Brad Pitt filed a similar lawsuit against Playgirl last year.

Warning that France's cultural influence is wan-

ing, Jack Lang, the former culture minister, proposed the creation of a Ministry of Foreign Cultural Affairs. In the newspaper Le Monde, Lang, who heads the Foreign Affairs Committee in the National Assembly, cited the decline of French movies and cuts of 15 percent in the last three years in the budget to promote French culture abroad. A lack of action, he said, "will threaten our political influence and compromise our economic opportunities."

Queen Beatrix's father celebrated his 87th birthday as did most of his subjects — by cheering the Dutch soccer team. Prince Bernhard spent a low-key birthday at home watching the Netherlands defeat Yugoslavia in the World Cup on television.

A French appeals court slashed a fine imposed on the star newscaster Patrick Poivre d'Arvor for assaulting a paparazzo who tried to take pictures of his vacation with a colleague, Claire Chazal, on a Greek island. The court cut the 50,000 franc (\$8,250) fine to 10,000 francs and said the penalty would not be registered on Poivre d'Arvor's criminal record. The 10,000 franc fine for invasion of privacy imposed on the photographer, Franck Skorupan, was left unchanged.

## Finale for Chinese Opera?

Reuters

SHANGHAI — China has brought the curtain down on a Shanghai opera troupe that had hoped to perform at the Lincoln Center Festival in New York.

The classic Chinese opera "The Peony Pavilion," which has become a controversial sideshow to the China visit of President Bill Clinton, failed to gain approval from Shanghai censors to make it in time for its planned July 7 debut, an official of the festival said Tuesday.

By withholding permission for the opera company to leave for New York, the Shanghai Municipal Bureau of Culture "has effectively canceled the performance of 'The Peony Pavilion' at Lincoln Center Festival '98," said Nigel Redden, festival director.

Local censors seized a shipment of props for the opera on the eve of the visit to China by Clinton, who is now in Shanghai. They later reversed their decision, allowing the props to go but failing to clear the troupe itself.

Redden had said he had needed approval for the troupe by Tuesday for it to take part in the festival.

"We find this decision truly incomprehensible," Redden said, adding that Lincoln Center and the opera's director, Chen Shizheng, had made every effort to address the concerns of the Bureau of Culture.

Chen had made numerous changes in the opera that the cultural authorities found objectionable, including some passages that contained bawdy language and superstitious images.



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